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Freeman, Pliny

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[1876]

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CORRESPONDENCE

ON

National Finance,

From 1862 to 1875.

1876

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CORRESPONDENCE

ON

National Finance,

From 1862 to 1875.

OFFICE OF THE

Globe Mutual Life Insurance Company.

345 & 347 BROADWAY.

New York, Oct. 1, 1876.

TO THE PUBLIC:

The following correspondence with Secretary Seward and four Secretaries of the Treasury on the subject of the National Finances, from the year 1862 to the year 1875, it is believed clearly shows the cause of the present National Paralysis, and how it could have been avoided, and also how National Prosperity can be restored, and Financial Revulsions and National Paralysis avoided hereafter.

Respectfully,

PLINY FREEMAN.

CORRESPONDENCE.

New York, January 13, 1862.

Mr. W. H. B.—

MY DEAR SIR: I am not aware that you have ever taken any particular interest in the financial affairs of Government; perhaps, like myself, you have considered it sufficient to attend to your own finances and leave Government to attend to theirs. But now our National Government is in a great financial crisis and needs the patriotic aid of its best citizens. Consequently, I call upon you, sir. Fear not for my sanity, when I, your old matter-of-fact friend, Pliny Freeman, call upon you to stop forward and aid the Government to obtain—in this the hour of her extremity—all the funds necessary to carry on the war.

Perhaps you may ask, How? Ans. You are aware that the World, together with other kindred spirits, have become exceedingly frightened at what they call a scheme to issue "demand notes." They see millions of irredeemable, worthless paper floating throughout the nation, bankrupting the people—spectres of Continental money—John Law schemes, Mississippi bubbles and innumerable, nameless Hobgoblins staring them in the face. Now, what is it? As you are doubtless aware, the Committee of Ways and Means have introduced a bill, which has secured the sanction of the Attorney General as constitutional, in substance as follows:

"To issue one hundred millions of Treasury Notes, made Legal Tender for all purposes, the same as gold, and at the option of the holder, convertible into National bonds bearing six per cent. interest."

"Oh! is that all? Yes, that is all, and enough for them; for they look at it through the dark and misty eyes of the past. Now let us look at it in the bright light of the present and the glorious illumination of the future. Look at it again with a concentration of the whole powers of your mind, for it contains

the problem that is sooner or later to solve all the financial difficulties of the whole civilized world.

• • • • Let us breathe a moment here, for at this place you are at liberty to doubt my sanity.

Reasons: That little word *convertible* is a perfect safety-valve. Government can never produce pressure enough, even if it pays out forty millions a day—the amount of Comptroller Flagg's terrible phantom of a forty million State debt—to cause an explosion, for the reason that, as soon as enough has been issued to accommodate the wants of business, the surplus will be converted into bonds and return to the Treasury, to be re-issued, *ad infinitum*.

Pass that bill, and Secretary Chase will never have occasion to advertise for another loan, nor Congress pass another loan bill, or any other financial bill, in fact, except a tax bill to pay the interest; and then they should adjourn, subject to the call of the President.

The people will immediately make the discovery that Treasury notes, as a legal tender, are of more use to them for all purposes whatever than gold; consequently Treasury notes being more desirable than gold, will increase in exchangeable value, and gold decrease—that is, it will require more than one hundred dollars in gold to buy one hundred dollars in Treasury notes. • • • • •

Please recollect some of the history of our Revolution. The Continental Congress issued paper, virtually of the same character, and until they had issued about forty millions of dollars, which appeared to be the amount required to satisfy the wants of business at that time, it continued equal to gold. Instead of issuing more, had Congress then authorized a National loan, and received Continental paper in payment and re-issued the same for war expenses, keeping it convertible into bonds, they would not only have

gone through the war without begging a dollar from Europe, but kept the whole country in a high state of prosperity, instead of the poverty and suffering that pervaded the land. And our country's prosperity then and now would have been of a character no imagination can conceive. The world, it appears, was not ready for it then. It is now, and it appears to be forced upon us, no man seems to know how or whence. Perhaps you will say this looks very pretty in the creation of a green national debt, but that the time may come to begin to pay it off; how then? Yes; and if the bill passes the time will come, much sooner than the croakers, who say we are creating a national debt, like Great Britain, "for all time," expect. Our prosperity will be as great that we shall soon have received revenues from the Custom-house sufficient for the payment of all we owe.

The same amount of Treasury notes that cover the debt will answer the farther purpose of extinguishing it, when the proper time comes. That safety-valve, "convertibility," will then work the other way. There will be a certain amount of Treasury notes out at that time, which will be just the amount the community will require. Government will commence to pay off its debts when it shall have withdrawn from circulation in revenue and taxes more than enough for its current expenses.

So we have accumulated a surplus of fifty million ones—as this must be in Treasury notes—it will cause a pressure upon the commercial community to that extent, by increasing the rate of interest above Government standard. Then the safety-valve works the other way; by limiting into the Treasury that amount of indebtedness in exchange for its Treasury notes. Thus, the process having commenced will continue gradually and in accordance with the public wants until the whole amount is absorbed and canceled.

To the extent required for all legitimate purposes—whether that be three, four or five hundred millions—that amount will not be a national debt; it will be, as it were, so much rained down from heaven. Our prosperity must therefore be uninterrupted. After such an adjustment I do not see how we can ever have another financial revolution.

Our Custom's revenue must necessarily be graduated to raise all that is possible from commerce, consequently, will afford protection to all and every description of home labor—farmers, mechanics and manufacturers; in time our own industry will largely supply

our own and the markets of the world, and keep the balance of trade in our favor. Thus another great and lasting blessing will be derived from this war.

***** The world will be astonished at the simplicity of this convertible safety-valve. Now if you can show this to be a fallacy and a delusion, I shall rely upon your friendship to clearly point it out to me. But if not, then I shall equally rely upon your not only adopting, but advocating it.

The very shadow of its introduction has already had a beneficial effect—for the premium on gold fell off nearly 2 per cent. on Saturday, but U. S. stocks went up 3 per cent., and no man appeared to know why.

If these suggestions meet your approbation, I trust you will act upon them immediately, for I see the country's enemies, the shysters, are at work in Washington.

Very truly yours,

PHILIP FREEMAN.

NEW YORK, DEC. 17, 1862.

Hon. W. H. Seward,
Secretary of State.

DEAR SIR: I take the liberty of addressing you, for from our former acquaintances, I believe you will give the letter an impartial consideration.

First, permit me to express the opinion that, had the bill which was submitted by the Committee of Ways and Means and passed by the House of Representatives, viz.,—To authorize the issue of Treasury Notes made a legal tender for all purposes whatever, and convertible into bonds bearing interest—had that bill, without modification, become a law, gold would at this time have been at a discount. That is, one hundred dollars in Treasury Notes would have been worth more than one hundred dollars in gold.

Had there been one other clause added to the bill, viz.,—one giving the holders of certificates of public stocks the option of converting them into Treasury Notes, it would not only have been the most perfect bill, but conducive of more blessings to the human family than any bill ever enacted by Congress.

I trust you will pardon the extravagance of the language, when I say that I not only believe it myself, but believe that on reflection you, sir, will arrive at the same conclusion.

I will attempt to state a few reasons why gold would be at a discount. There were two forms of notes issued. One, by way of distinction, is called "Demand Notes;" the other, "Greenbacks."

Demand Notes, at this time, are worth 25 to 28 per cent. more than Greenbacks. Why?

Because the law gives Demand Notes the preference in the payment of interest and Customs. Then, does it not follow that had the law made greenbacks a legal tender for the payment of interest and Customs, and for all other purposes, they would have kept on a par with gold under all circumstances?

In the commencement of the war Government found great difficulty in raising comparatively a small amount on loan, even by agreeing to pay in some cases 12 per cent. interest. In others, by submitting to large sacrifices in selling 20-year 6 per cent. bonds.

Since the creation of Legal Tender Notes convertible into bonds bearing interest, it has met with no difficulty in its financial department except in preparing the paper money as fast as required. Said paper money, being at one time issued rather in excess of the wants of business, caused for a time a slight redundancy, and a small amount was converted into 5-20 bonds. How is it now? The issue is virtually stopped, and no more is being converted; neither will there be, until a large amount is issued, for there is not enough now to supply the legitimate wants of business.

And what effect has been produced by the two hundred millions or more issued? Has not the Government had the benefit, without creating a debt to that amount, or its cost a cent, except the expense attending its issue? And has it not been a blessing, as it were, rained down from heaven upon the whole people, diffusing a prosperity unparalleled in the history of the world.

Do we hear any cry of want, distress, or starvation coming up from any part of the land not in rebellion, such as we are wont to hear at this season of the year? No—the laborer, the mechanic, the merchant, the manufacturer, the farmer, are all—employed to an extent far surpassing any former time in our history. Now shall we shut our eyes to all this blessed experience, and go back and repeat the bitter, the humiliating experience of the past?

Shall the Secretary of the Treasury come into Wall street, hat in hand, on bended knee, and beg us to buy his bonds at our own price to supply the daily wants of the Treasury?

None but the shysters will ask this of him; but they will ask it with all the sophistry and cunning of their craft. Go back to the expedient of throwing Federal bonds upon the market, and what will be the consequence? I will state our own case.

The Life Insurance Company with which I am connected has already invested in Gov-

ernment bonds some \$400,000, and continues not only to invest its surplus accumulations, but as fast as possible converts its original investments into the same.

Let Government resort to the sale of its bonds, and the managers of the Company will be obliged (if they do their duty) to throw all their Government bonds upon the market and loan the avails on call, until the bonds reach the lowest market, say 40 or 50 cents on the dollar (as they probably will during the next twelve months) and then reinvest. This will also be done by those very men who so blandly coax Government to rely upon loans and go back to the "manly mode" of raising funds by selling bonds for what they may be pleased to give.

Permit me respectfully to make a suggestion: that Congress authorize the Department to issue all the Treasury Notes required by the wants of Government, made legal tender for all purposes whatever, convertible into 5.20 bonds bearing 4 per cent. interest. Said bonds made re-convertible, at the option of the holder, into Treasury Notes.

The operation of such law would, in my judgment, furnish Government with all the funds required, and, through the operation of the reconversion principle, pay off the whole debt in an unparalleled short space of time. Should the interest be fixed at 4 per cent., which is much higher than the English Government pays now, the public wants would absorb a larger amount before conversion than if continued at 6—perhaps to the extent of three or four hundred millions.

The free use of Treasury Notes would reduce the rate of interest; and when below 4 per cent., conversion into bonds would commence, after which no further issue would be required, as the amount converted would supply all wants of Government thereafter, for no more can be any forced operation be kept about than is required by the legitimate wants of business. After peace there will, through the operation of tax laws and Custom-House duties, be more received into the Treasury than will be required for interest and expenses, which will, of course, be received in Treasury Notes, and to the extent of such surplus reduce the amount afloat, and by tightening the money market, increase the rate of interest above 4 per cent., when the reconversion process will commence, and gradually proceed, until the whole debt is paid and redeemed. *****

Thus money would be furnished to give full employment at remunerative rates to all descriptions of labor the human family could

enlarge in, and by the time the revenue laws be more wholly repealed, our exports would render all foreign nations with which we have intercourse our debtors, when we should have no more trouble about tariff for protection or revenue.

Thus, the Treasury Department, through this war, will have introduced a revolution in the National finances, as much superior to that introduced by the Navy Department into naval warfare, as its monitors are to the mosquito gun-boat fleet proposed by President Johnson. * * *

I repeat, shall we dash this, one of the greatest blessings ever conferred upon man, to the ground, and trample it under our feet, when its benefits have been so far developed that all but the blind, the willfully blind, can see but perhaps not fully understand?

O Heaven's name I implore you, do not let this national blessing be perverted into a national curse.

Most respectfully, your obedient servant,
PLINY FREEMAN.

DEPARTMENT OF STATE,

WASHINGTON, Dec. 18th, 1892.

To Pliny Freeman, Esq., New York.

DEAR SIR: I have received and heartily thank you for your suggestive letter of yesterday upon the national finances.

Very truly yours,

WILLIAM H. SEWARD.

NEW YORK, February 9th, 1893.

Hon. W. H. Seward, Secretary of State.

HONORED SIR: The nation is drifting to financial ruin. It is already on the brink of the precipice and you, most honored Sir, are called upon to rescue it from destruction. The writer asserts, without fear of contradiction, that the present financial troubles of Government are legitimate results of the unfortunate alteration of the original bill presented by the Treasury Department, and passed by the House of Representatives, at the last session of Congress, "creating Treasury notes a legal tender for all purposes whatever, and convertible into bonds bearing interest."

At the importunity of a few Shylocks in Wall street, it was so modified as to give gold a preference in payment of interest and Customs. Without that alteration it would have been impossible to have raised the market value of gold above Legal Tender Notes, for there would have been no further immediate use for it in the country, which the Legal Tender Notes would not have supplied. Ignorance is deemed no excuse for violation of law, consequently the penalty is

sure to follow; so Government, in giving gold a preference over its own issues, is the sole author of all the speculation in the article which has followed, and is now suffering the natural consequences of its violation of nature's law. That simple solution, contained in a former communication, entwines beneath its folds, no "Continental Paper," no "John Law scheme," no "South Sea Bubble," but nature's unalterable law for the government of finance—a law always in existence, but never adopted until the last session, and then in its passage so mangled by its enemies as to seriously embarrass its operations. Is it wiser now to reject this one of nature's laws without a fair trial and continue to grope in the dark, or to remove its defects and allow its merits to be demonstrated to an admiring world?

The price of gold governs the price of exchange, which to-day, on London, rules at 73 per cent. premium above the par of Legal Tender. I would ask: Does not this operate to that extent to prevent importation through the Custom House, and deprive Government of a large income from revenue which it should legitimately receive? Has not the same increased price of gold given the opponents of Government, and of the war, the only ground for their loud-mouthed proclamations, that all financial measures of the administration are failures and working ruin to the country?

I ask, what district is there, not in Secession, that is not now more prosperous than it was a year since? Is there a cry of pecuniary suffering or distress coming up from any part of the land, so commonly heard at this season of the year? Yes; but it is from the money changers, that money is too plenty; which, being literally interpreted, means that the Shylocks are losing their grasp upon the pound of flesh. But how with the great productive classes? Answer—The Life Insurance Company with which I am connected has correspondents in every town of importance in the States, and its business has more than doubled during its fiscal year ending the first of January last. Is not this positive proof of universal prosperity?

The importunity of a few bullion speculators in this city induced Congress at its last session to destroy a part of the benefits that would have been derived from the Financial Bill introduced and passed by one House of Congress.

How strange! how passing strange! that, that little simple bill could not have been passed, making paper a Legal Tender for

all purposes whatever, and convertible into interest-bearing bonds, with the addition of a re-convertible clause—which together form what the writer calls a "solution"—for it would have furnished all the funds required by Government without asking the loan of a dollar; would have held the finances throughout the country in a perfect state of equilibrium, beyond the power of any combination of circumstances to disturb, either by expansion and redundancy, or contraction and revolution—except temporarily, and of the most trivial character—and after the termination of war the nation would have paid off the debt in less time than any nation ever did.

That "solution," if adopted, would have produced an entire revolution in the financial and currency basis, to the astonishment of the world, and would have been immediately adopted by all civilized nations.

Very respectfully,

Your obedient servant,

PLINY FREEMAN.

DEPARTMENT OF STATE,

WASHINGTON, Feb. 12th, 1893.

To Pliny Freeman, Esq., New York.

DEAR SIR: I have received and thank you for your luminous letter of the 9th instant on the subject of the national finances.

Very truly yours,

WILLIAM H. SEWARD.

NEW YORK, March 20th, 1893.

Hon. Hugh McCulloch,

Secretary of the Treasury:

HONORED SIR: As the study of Finance in its various bearings has been with yourself what perhaps may be properly termed a practical study for a life-time, the subject of a National Standard Rate of Interest as a Regulator has probably come under your notice. The writer would respectfully beg to inquire if you have given the matter such consideration as to have arrived at a definite conclusion whether it is or not practicable?

After years of reflection the writer has arrived at the conclusion that it is practicable. As an illustration of the idea, suppose you fix the Government standard rate of Interest at 6 per cent. and advertise to receive Legal Tender Currency, and issue therefore Bonds or other obligations bearing 6 per cent interest, both principal and interest payable in Legal Tender Currency on demand.

The operation, in other words, would be to enable the public to convert Legal Tender Currency or Treasury Notes into Government obligations bearing 6 per cent.

interest, reconvertible, at the option of the holders, principal and interest, into Legal Tender Currency.

Under such arrangement, would not Government standard Rate of Interest, thus ministering to the wants of the public, become an infallible regulator?

And where can there be an objection? Government would certainly receive all the funds required at much less cost than heretofore. Our Company, for instance, would much prefer to deposit its current receipts with the Treasury Department on even 5 per cent. interest, with the certainty of receiving back both the amount deposited and interest when wanted, than purchase long Bonds, with 6 per cent. interest, payable in coin, with risk of loss on sale if the funds should be required during a panic.

And what would be our interest would appear to be the interest of not only all other corporations, but individuals, to the extent of their available means. Under such an arrangement it does not seem possible for a panic to arise. Your National Banks (and there soon will be no other), are authorized to redeem their issue in legal tender Currency.

Suppose what is called "a run" is made upon them; the public will know the Banks have only to present their Government Securities to the Department and receive Legal Tender Currency, if necessary, to the full amount of their issue; consequently there can be no cause for "a run."

An inflation of the currency beyond the legitimate wants of the community would appear equally impossible, for the reason that the surplus that would reduce the ruling rate of interest equal to or below the Government standard, would flow into the Treasury for conversion into interest-bearing Bonds, with as unerring certainty as the surplus waters of a pond flow over its dam.

It is a common objection that no nation in the world has ever adopted a paper currency with success. True, but is it not also true that no nation in the world has ever attempted to adopt a convertible and reconvertible paper currency?

It may also be said that no nation in the world ever adopted a turreted monitor or iron-clad ship in their navy, until our Mr. Ericsson built and practically demonstrated their use in our navy.

It may also be said that no nation in the world ever made use of electricity as a medium of thought, until our Mr. Morse (who, as my neighbor for years, I heard

spoiled as of a crazy man while working out his inventions, demonstrated its practicability through the telegraph.

It may, with the same propriety, be said that no nation in the world ever adopted the use of steam in propelling boats or machinery until our Mr. Fulton (who was also considered a madman) demonstrated its practical utility. Now they have all more or less adopted it. The age is filled with discoveries previously deemed impossible. What those gentlemen did was to develop and put in practical operation laws or principles of nature which had been in existence through all time.

May it not be left for the present Secretary of the Treasury to introduce and put in practical operation the law or principle governing Finance, that will result in benefit to mankind ultimately as great, if not greater, than either or all the foregoing combine?

To string you will take the subject into consideration, provided you have not already done so and dispose of it to your satisfaction, I am, Very respectfully,

Your most obedient servant,

PLINY FREEMAN.

TREASURY DEPARTMENT,
WASHINGTON, D.C., March 22, 1865.

DEAR SIR: Your favor of the 20th inst. is received. Your plan for bringing about a uniform rate of interest in the United States has been read with interest, and will be duly considered. I have thought for many years past that a uniform rate of interest throughout the United States was exceedingly desirable. My views on this point were presented in my Report as Comptroller of the Currency, in 1863, a copy of which I hand you herewith. Very truly yours,

H. McCULLOCH.

Pliny Freeman, Esq., New York.

P.S.—Upon examination, I find that there is no copy of my Report for 1863 in the office.

New York, March 23rd, 1865.

Hon. H. McCulloch.

HONORED SIR: Your favor of 23d inst. in reply to mine in relation to a "Uniform Rate of Interest," is received, and I would suggest should you deem it of sufficient importance, that an experiment could easily be made and at a trifling expense.

A few Bonds being prepared, drawing an interest at the rate of 4 per cent. per annum, and convertible, both principal and interest, on demand, at the option of the holder—and

an advertisement that money would be received by the Department, and such Bonds issued therefor—would test the principle.

With such simple arrangement, if funds do not flow into the Treasury more freely than before, say, and faster than required by the Department, the writer would admit the experiment a failure. Such Bonds would rarely be presented for conversion or payment of principal, but only for interest.

If, in addition to Legal Tender paper, National Bank notes were received by the Treasury, it would become the interest of all State Banks to immediately range under the national standard.

Thus, without the disturbance of any financial interest, would commence the establishment of a uniform rate of interest which would gradually spread over the Union.

If I understand it correctly, the late "Six Hundred Million Loan Bill" invests the Secretary of the Treasury with the required power.

Commending the foregoing to your consideration, I am, most respectfully,

Your obedient servant,

PLINY FREEMAN.

TREASURY DEPARTMENT, March 28th, 1865.

DEAR SIR: I have merely time to acknowledge the receipt of your favor of the 27th inst., and to remark that I entertain serious doubt as to the practicability of your plan of creating a uniform rate of interest throughout the United States, or increasing the flow of money into the Treasury. I will, however, give the subject further consideration.

Very truly yours,

H. McCULLOCH.

Pliny Freeman, Esq., New York.

New York, April 3rd, 1865.

Hon. Hugh McCulloch.

HONORED SIR: Your favor, 28th ultimo, was duly received, and I would most heartily thank you for your frank expression of "doubt as to the practicability of the plan for creating a uniform rate of interest throughout the United States, or increasing the flow of money into the Treasury."

With regard to the flow of money into the Treasury, permit me to say that the managers of the institution with which I am connected would deem it a favor to be allowed to deposit its current receipts with the Sub-Treasurer in this city, and receive certificates therefor bearing a moderate rate of interest, returnable, principal and interest, on call. And when should we call? Answer: For interest semi-annually—principal, never. For

the reason that the certificates would be retained for their accruing interest.

Suppose we invest in bond and mortgage: the mortgagor would prefer Treasury certificates—counting interest to date of transfer—rather than currency, for the interest which would accrue while in his possession, if only for a single day. So with all other recipients, and the same law would govern all other investments.

It would clearly be our interest to make such deposits. And would not our interest be the interest of all—Insurance Companies, Banks, Savings Banks, monied corporations, and individual capitalists? All Bank managers and Capitalists with whom I have conversed emphatically say, Yes!

Soon after Mr. Fessenden, as Secretary of the Treasury, undertook the management of the National Finances, he called on the bankers of this city to aid him to fifty millions of dollars. He was informed if he would waive the restrictions in the Deposit Law (which require deposits made 30 days, and only called on 10 days' notice) they would immediately furnish all he required. But, feeling bound to be governed by the letter instead of the spirit of the law, he declined. They then gave him the requisite 10 days' notice of call for what they had already deposited with the Assistant Treasurer in this city, which, perhaps, amounted to thirty millions. Not having the necessary amount of legal currency on hand—by which he had already violated both the spirit and the letter of the law—he reluctantly, under the pressure, finally agreed to waive the notice for the amount then on deposit, which relieved him from all further trouble relative to the thirty millions.

It appears to me that that simple transaction demonstrated the principle which, if he had seen and comprehended, would have relieved the Treasury of its embarrassments for all time, and the nation from the serious interest which it has submitted to ever since.

After this failure to effect the loan of the fifty millions, he made a stirring appeal to the patriotism of Capitalists to purchase Treasury Bonds—forgetting that the *adamantine chain of self interest* controls all humanity, and that patriotism, holy as it is, is subservient thereto. Hence he failed again, as all have failed under like circumstances, through the dark ages of the past, and will continue to through all future time.

Capital is proverbially *thirsty*; hence the reluctance to invest in Government Bonds, even at usurious rates of interest, while liable to fluctuate in market value at every turn of

events, and which, when required to be made available, might result in loss to the holder.

But to deposit with Government currency of its own creation, which it could always have the ability of returning with interest when wanted, would be a transaction removed entirely beyond the danger of speculation, and protected with the shield of perfect safety.

Give us interest for our money without impairing its available principle, and the purse of the nation is at your command. Thus you would increase the flow of money into the Treasury, and establish a uniform rate of interest at the same time.

Do not all prefer and retain that which they deem most valuable? And is not money drawing interest more valuable than that which does not?

As a banker you know, sir, that all pass off their current bank notes first; retaining their current. So all will pass off and exchange Greenbacks for Treasury Certificates or bonds bearing interest, if available at any time by re-conversion into Greenbacks.

Pardon the writer for suggesting that, should you, under the existing acts of Congress, authorize the Assistant Treasurer of this city to receive money on deposit, and issue certificates of fixed denomination, bearing interest and redeemable on demand, you would imperceptibly inaugurate the principle which would soon relieve you from the necessity of issuing any more usurious bonds. This would work so harmoniously that when fully realized the people would clap their hands in admiration, and wonder why so simple a process had never been discovered before.

Have not stranger things happened during our recollection? Did not people in California walk over beds of gold for years, in blissful ignorance, until Mr. Suter picked up a piece and wondered if it might not be gold?

I see no good reason why the system should not soon be so far perfected as to demonstrate a principle in national finance that would be fairly illustrated by the circulation of the blood in the human system; the Treasury representing the heart; its disbursing officers, the arteries; and the people of the whole country the veins to return to the heart its blood; the standard rate of interest and interest convertible system serving as valves to regulate a uniform circulation.

Suppose there should be large and free issues of Greenbacks; would it not naturally reduce the ruling rate of interest at large below Government standard? and would not

the surplus return to the Treasury for conversion at higher rates of interest with as unerring certainty as water flows in accordance with the law of gravitation?

On the other hand, when, in the course of events, the receipts of the Treasury exceed its disbursements, increasing the ruling rate of interest, above Government standard, then certificates would be returned for conversion to Legal Tender Currency, thus satisfying the public want and reducing the rate of interest.

I see no reason why such process may not continue until the whole bonded debt is absorbed by reconversion into National Legal Tender Currency, leaving the nation practically out of debt, and the people with the best standard measure of value ever given to man.

Four remark that you would give the subject further consideration is my apology for submitting the foregoing.

Most respectfully your obedient servant,
PLINY FREEMAN.

—
TREASURY DEPARTMENT,
April 10, 1865.

DEAR SIR: My official engagements have been of such a nature that I have not been able, until to-day, to read carefully and consider your favor of the 3d inst.

The plan which you suggest for increasing the flow of money into the Treasury impresses me in many respects very favorably, and yet I see objections to it which I must reflect on before giving it my approval.

While I am thinking upon the subject, I will thank you to give me your views in regard to the rate of interest which the Government should pay.

I am, very truly yours,
H. McCULLOCH.
Pliny Freeman, Esq., New York.

NEW YORK, April 13, 1865.
H. HUGH McCULLOCH,
Secretary of the Treasury.

HONORED SIR: I have just had the pleasure of reading your letter to Mr. Carey, of Philadelphia, the whole of which, permit me to say, I most heartily approve, and particularly, that the high price of gold was to be attributed in part, at least—to other influences than the expansion of the currency." Excuse this remark, the controlling influence, it appears to the writer, may be traced to Congressional legislation.

Perhaps you will remember that the original bill submitted by the Committee of Ways and Means, and passed by the House of Representatives,

provided for the issue of Treasury Notes made Legal Tender for all purposes whatever, and convertible into 6 per cent. bonds at the option of the holder.

Had that bill become a law, there could have been no further use for gold coin in this country, and our mines would have supplied sufficient to settle foreign balances.

If this be so, gold could not have risen above the par of Legal Tender paper, no matter what amount of paper had been issued.

Instead of passing the bill in that form, Congress modified it, making interest on Treasury Bonds payable in coin, and also Custom House dues, thus giving gold a preference, and to the same extent repudiating its own issues.

Was not the foregoing assumption sustained, if not clearly demonstrated, by the fact that the premiums on that class of Treasury issues, called Demand Notes, rose and kept pace with the premium on gold until the whole was absorbed—simply in consequence of its being received at the Custom-House?

The convertible principle was proved by actual demonstration, for the Five Hundred Million 5-20 Bonds, authorized by the same Act that created Legal Tender paper, were virtually all absorbed under its operation.

In the operation, all surplus issue of the Treasury above the amount required for the current wants of the people, returned for conversion into Bonds, which, being continually paid out, returned through the same channel, furnishing a supply for daily disbursements of the Treasury; thus harmoniously administering to the wants of both Government and people, which might have been continued to the close of the war.

It appears to the writer that the Treasury Department had already demonstrated to those who are willing to see that it can issue paper equally as valuable as gold or silver, and, with the reconvertible principle added, its standard rate of interest would furnish a basis of uniformity as firm as the bed of the ocean which no storm disturbs.

Shall we shut our eyes to the great truths which are passing before us, because, forsooth, they do not square with our preconceived theories?

The above had been written when I had the pleasure of receiving your favor of the 10th inst.

With regard to the rate of interest, I would remark that our Institution loans on Government Securities on call at the rate of 6 per cent. the borrower having the option of paying the loan at pleasure, when some interest

is almost always lost before being reloaned or invested. Consequently it would be for our benefit to deposit with the Treasury, on call at our option, at any 5, or even 4, per cent. interest.

At such rate, I see no reason to doubt the Treasury would soon receive enough, not only for current disbursements, but to liquidate all floating debts, when, as a matter of economy, and for convenience of calculation by the public, new deposits could, with propriety, be reduced to three and sixty-five hundredths per cent.—one cent per day on \$100.

If the Certificates of Deposit, or Bonds, or whatever they might be called, should be made payable when the interest was paid, the new deposits would be in the nature of new contracts; consequently, the rate of interest could be changed at pleasure.

Should the objection which you saw still exist, if not deemed asking too much, I would be gratified to learn its character, believing the subject susceptible of being clearly elucidated. I am, most respectfully,

Your obedient servant,
PLINY FREEMAN.

—
TREASURY DEPARTMENT,
April 17, 1865.

DEAR SIR: The great calamity which has befallen the nation in the assassination of Mr. Lincoln, indisposes me from the consideration of any subject to which immediate attention is not demanded by the exigencies of the public service. I have only time, therefore, to acknowledge the receipt of, and to thank you for, your favor of the 13th inst.

I am, very truly yours,
H. McCULLOCH.
Pliny Freeman, Esq., New York.

NEW YORK, May 8, 1865.
The writer begs respectfully to make a few remarks in relation to passing events.

Gold now sells at about 43 per cent. premium. Within a year it has sold at 175 per cent. premium, and at that time there was a great hue and cry by a class of political economists about redundancy of currency and inflation of prices; now, they are as silent as death upon the subject—apparently dumb-founded—for the volume of currency which they called redundant is largely augmented. According to their theory, the price of gold should have increased in proportion, when, lo! they behold it has enormously fallen, from 175 to 43, and their theory is scattered to the four winds of heaven.

They do not understand it; neither can

they, until they learn to reason from cause instead of effect.

This I take to be a demonstration that redundancy of currency does not increase the price of gold, and that the increased price of gold does not inflate prices; neither does a reduced price of gold reduce prices.

In these prices, home productions, such as are not affected by foreign exchange, are preferred to. Also that the price of gold does affect the price of imported commodities, inasmuch as it regulates foreign exchange.

Also that an increased amount of currency affects home productions by increasing their value through increased reward of labor.

The question, then, naturally follows: Is a redundancy of currency a public benefit or a public injury?

In other words, which conduces most to public prosperity—plenty of money and high prices of labor and products, or scarcity of money and low prices of both?

It appears to be the prevail sentiment that at the present time the people of the loyal States are enjoying universal prosperity. The writer would state that he has been engaged in mercantile, commercial, and financial pursuits nearly half a century, and has no recollection of any season during that time that would bear a comparison; in fact, does not know of a time during the history of civilization that would compare with it; perhaps the prosperity of England during the suspension of specie payments by the Bank would bear the most favorable comparison.

The Winter of 1843-4, when the necessities of life bore about one-third of their present prices, these was actual starvation in this city; and in the month of February the writer saw thousands of acres of corn standing on the Western prairies not harvested, and the reason assigned by the citizens was, they had gathered enough for their own use, and six cents a bushel would not pay for harvesting and taking to market. The fact was money was so scarce that there was no reward for labor, no stimulus to exertion; we were retrograding to a state of barbarism. Now, every description of labor, either mental or physical, is fully employed at high or remunerative rates, and particularly among the (so-called) laboring classes, who are comparatively independent. The writer owns a number of what are called tenement houses. They are now fully occupied, and, although the rents are largely increased, the agent reports them promptly collected without loss, which was never the case in former years. If

we look back a little into history, during the reign of Henry the Eighth, we find in "Anderson's History of Commerce," the average price of an ox was 25s. 6d.; sheep, 3s.; and, by statute of Parliament, the price of butcher's meat was not to exceed one halfpenny per pound. At the same time, the daily pay of a master shipwright was 7d., and a hewer 4d.; while, according to the same authority, beggary, pauperism, and starvation largely pervaded the kingdom.

"Would not the conclusion appear irresistible that scarcity of money causes adversity, and plenty of money prosperity? Are not such proofs positive?"

And what caused the present state of prosperity, but the necessity which compelled Government to create and issue, to sustain its existence, a Legal-Tender Currency? A currency which, by its increasing volume, has gradually increased the demand and compensation for labor, thus diffusing the spirit of industry, self-respect and independence through all the ramifications of society; unsittingly, it is true, but, nevertheless, dispensing a great national blessing. * * *

The Legal-Tender Currency has proved to be the best currency ever given to man, and, with a national standard rate of interest added to it, would establish a uniformity in National Finances that neither time nor circumstance could ever disturb. Financial panics would then stand in history among the things that were.

Then, would it be wise to retrograde, when every step backward leads toward adversity and poverty, and commence that retrogression immediately by withdrawing the Legal-Tender Currency, producing universal bankruptcy and ruin—as demanded by Mr. Lewis, of one of the departments?

And for what, pray, but to gratify an insane passion for the re-establishment of an exploded theory? May heaven preserve the country from such counsel!

Why should we continue to peer into the darkness of the past, instead of removing the scales from our eyes, facing the light of the present, and scrutinizing passing events, which are so clearly demonstrating the laws of Nature.

The writer will close by remarking that, although such theorists have never been able to convert our tax-payers of any nation that a national debt was a "national blessing," yet he believes you, sir, have the opportunity of really converting our National Debt into a national blessing—aye, what tax-payers will realize as a national blessing.

I am, not feeling at liberty to trespass fur-

ther upon your notice at this time, I would commend the foregoing suggestions to your consideration.

Most respectfully,

Your obedient servant,

PLINY FREEMAN.

To Hon. H. McCulloch.

TREASURY DEPARTMENT,
WASHINGTON, D. C., May 10, 1865.

DEAR SIR: Your favor of the 8th instant is received. On account of pressing official duties, my answer must be brief. Your general views upon the subject of the Currency correspond with my own.

That the Legal-Tender Currency is entirely acceptable to the people, and has, on the whole, been of great benefit to the nation, even if it was not absolutely indispensable for the maintenance of the National credit, there can scarcely be a question. *There is at present no good reason why its volume should be diminished.* I have been of the opinion that a moderate reduction would be necessary to bring back the business of the country to a specie standard. I am, however, not clear that on this point I have not been mistaken.

So great is the confidence of the people in the National Currency, and so much will the demand for it be increased by an opening up of business in the Southern States, that I shall not be surprised if, without its being diminished a dollar in amount, it shall come up to par.

Whether a "redundant currency is a public benefit or a public injury" will depend entirely upon the manner in which it is used, and the effect it produces upon the productive industry of the country. If it stimulates industry and develops the resources of the country it will be a blessing. If, on the contrary, it leads to speculation and diminishes labor it will be a curse. As to whether our National Debt shall be a national calamity or not will depend very much upon the course that is pursued by those who have the management of it. I am myself not uneasy in the contemplation of it.

I am, very truly yours,

H. McCULLOCH.

To Mr. Pliny Freeman, New York.

NEW YORK, May 10th, 1865.

Hon. Hugh McCulloch,

MOST HONORED SIR: As the Act of June 30th, 1864, gives the Secretary of the Treasury discretionary power to waive the restrictions in the various Temporary Loan Acts (requiring funds to remain on deposit thirty days, and only to be drawn after ten days' notice), please excuse the suggestion that if you will

authorize the Assistant Treasurer here to receive Greenbacks on deposit, allowing four or five per cent. interest, and issue certificates therefor, payable on demand, of fixed denominations, say: \$500—\$1,000—\$5,000—as desired by depositors, the daily amount deposited would soon exceed the present subscriptions for the bonds bearing 7.5-10 per cent. interest. To-day Trust Companies are paying, three, four, or five—none as much as six per cent. interest.

The propriety of such restrictions is obvious for small Trust Companies that loan out all their deposits, and, consequently, require time for calling in loans to meet demands of depositors; but for the Treasury Department of the United States, authorized to keep fifty millions on hand for that purpose, this propriety is more difficult to discover.

Please remember, if we can have it, we do not want it, any more than the Frenchman, who kept his deposit account with Jas. G. King & Son, Brokers, during a session of financial revelation. Supposing the house had failed, he called on Mr. King to inquire about his funds. When told to write his cheque and draw his money, he said: "What, can we have it? Then we do not want it; but if we cannot have it, then we do want it very much."

That was simply an outburst of human nature through the Frenchman, for if we know we can get it when we please, we do not want it; and particularly if, in addition, the certificates of deposit draw interest, we will make every shift in our power before parting with them, and when we do use them, instead of drawing greenbacks, we will simply pass over the certificates, adding interest to date, and the recipient will prefer the certificate, for the reason that they earn interest while in his possession.

It is easy to test the question without a day's delay. I really hope you will consider the propriety of it, particularly as it will reduce the interest quite an item immediately, and ultimately as low as you may deem the public good requires.

Most respectfully,

PLINY FREEMAN.

TREASURY DEPARTMENT,
May 15th, 1865.

DEAR SIR: Your favor of the 10th inst. is received. It is perfectly clear to my mind that the Government could obtain a very large amount of money in the manner you suggest. I am not sure, however, that it is advisable for the Government to borrow on call to a very large amount, or to become, as it would

become if your advice were acted upon, the great depository of the surplus funds of your city.

Before Mr. Stewart gives up his present place, I shall doubtless be in your city, and will then confer with you personally upon the subject of your letter.

I am, very truly yours,

H. McCULLOCH.

Pliny Freeman, Esq., New York.

NEW YORK, May 22nd, 1865.

Hon. Hugh McCulloch,

HONORED SIR: Your truly valued favor of the 10th instant was duly received, by which I was highly gratified to learn that my general views upon the subject of the currency correspond with yours.

You remark, "If redundancy of currency leads to speculation and diminishes labor, it will be a curse," the truth of which does not admit of a doubt; then the question arises, is there danger of such result?

The season of speculation most prominent in the recollection of the writer occurred in the year 1866. But was not that the natural product of seed sown the few years immediately preceding?

The operation of Mr. Clay's Compromise Tariff Bill, in the Spring of 1853, admitting many articles duty free, and reducing all ten per cent. a year, had begun to have its natural effect of diminishing the demand for labor, and throwing thousands out of employment.

The war with the United States Bank immediately followed by removing the deposits to the State Banks in the Fall of the same year, when the race for popular favor between the two rivals, the United States and State Banks, commenced by discounting and throwing their Bank Notes into circulation so freely, that from January, 1864, to December, 1865, it had increased from 75 to 120 millions, when, there being no proper reward for labor, or legitimate channel for increase of business operations, it necessarily ran into speculation.

It was like placing beggary on horseback, which ran wild, and, the only inviting field being real estate, it spread from Atlantic City lots to the National domain, paying into the Treasury over two millions in a single month for Government lands.

We find in Secretary Woodbury's Report for 1855 the currency of the United States, England, and France united was estimated at only \$216,000,000. How is it now, with our own National Currency, which is increased beyond the three combined, to figures which

you, sir, have the means of knowing, and are far more familiar with than myself, and no wild speculations are heard of?

Real Estate is in and around the city of New York, with exceptional and largely productive cases, has never since reached the prices of that year.

The demand for all descriptions of productive labor apparently unlimited, the whole South opening and inviting Northern enterprise and capital, demanding a largely increased volume of currency, with prospective profits certain, we can scarcely imagine how enterprise can depart from such legitimate certainties into the uncertainties of speculation.

But apart from all the foregoing, the writer appears to see in your hands the power to establish a *standard rate of interest*, that will render a redundancy of currency above the normal demand of the public impossible simply by receiving Legal Tender notes at the Treasury and its branches, and issuing certificates of fixed denomination therefor, payable when called for, with interest, at a perfectly reasonable rate.

Would not all surplus, or such amount as would reduce the rate of interest at large below Government standard, return to the Treasury for its higher rate?

Perhaps there yet may be some doubts about such deposits being of any use to the Government, from the fear that the certificates would not stay out, but return in such quantities and at such times as to cause more inconvenience than benefit.

You will, perhaps, remember that the first bank that issued its notes payable on demand was made a subject of ridicule, and was safely warned that they would all come back for redemption as fast as the bank could put them out. But they did not come back. The convenience of the public kept a large part of them out, but a greater power than public convenience would operate to keep Treasury Certificates out, the power that controls all human actions—the motive power, *self interest*.

In your favor of the 18th instant, received since the foregoing was written, a doubt is expressed "whether it is advisable for Government to become the great depository of the surplus funds of our city." The idea of a Government Depository for surplus funds did not with propriety be entertained for a moment.

But would it become a depository in any sense other than it is at the present a depository for the funds being received for the 7.30 Bonds?

If they had the option would the holders of the 7.30 or 5.20 Bonds at the present time return them for payment? Certainly not; self-interest would prevent it, and when would self-interest require payment? Answer: Only when, from any cause, the amount of currency afloat would not be sufficient to supply the natural wants of the business community, causing an increased rate of interest at large, above Government standard. Bonds would then return for conversion into National Currency, and would not the same law apply to Certificates of Deposit?

The National Currency afloat appears to be about the natural amount required for business purposes at the present time, as proved by interest at large being at a normal rate; then it follows that the increased demand caused by the opening up of business in the Southern States will require an increase of circulation; and how can that be supplied but by an increased issue of National Currency?

Suppose the system of deposits returnable on call now in operation, and the demands on the Treasury exceeded its income, and for such excess it disbursed new issues, would not the amount not absorbed in business channels return for conversion into certificates bearing interest?

The principle of conversion was most certainly demonstrated in the five hundred millions 5.20 loan, by its being all absorbed under it, and without the least disturbance in National Finances.

If the higher rate of interest of Government attracts it, does it not follow that the same attraction will hold it until a still higher rate of interest at large causes a greater attraction to withdraw it?

Adopt the convertible and reconvertible principle, that is, of converting the currency into interest-bearing bonds, with the option of reconverting them into currency, and you have a system that would appear to effect a natural uniformity of currency and values all beyond the power of circumstances to disturb.

Has not an All-wise Providence plainly developed this law for the benefit of man? If so, why should man resist so great a blessing?

Most respectfully,

Your obedient servant,

PLINY FREEMAN.

TREASURY DEPARTMENT,
May 25, 1865.

DEAR SIR: I have been spending two days in witnessing the grandest review in many

respects that has ever been witnessed in any country, or in any period of the world's history, and have therefore only time to acknowledge the receipt of your favor of the 23d inst., and again assure you that it will afford me great pleasure to confer with you personally upon the subject which you have discussed with so much ability.

I am, truly yours,

H. McCULLOCH.

Pliny Freeman, Esq., New York.

NEW YORK, June 23, 1865.

Hon. Hugh McCulloch:

MOST HONORED SIR: As the Assistant Treasurer (having just returned from Washington) is receiving money on deposit from the banks at 5 per cent. interest, payable after 30 days, without the 10 days' notice, I went a note to enquire if he would receive it from our Company on the same terms, to which he replied: "We receive it upon the above-mentioned terms only from the banks for Clearing House certificates, but will receive it from you upon ten days' notice after thirty days, and allow 6 per cent. interest."

The result was, we ordered our broker to make other investments to the amount of our current surplus.

Here is a practical illustration of the principle. We would prefer depositing with the U. S. Treasury at 5 per cent. for certificates, untraveled, to purchasing its Bonds, payable at a future time, at 50 per cent. higher rate of interest.

The 30 days is deemed of little importance, but the 10 days' notice operates as a perfect bar. And of what practical use that 10 days, or even 30 days, can be to the Department, that is required to keep fifty millions always on hand to meet calls, it is difficult to see. Trust Companies, which receive money on deposit at one rate and loan it out at another for profit, and do not keep a surplus on hand, require time to collect their loans to meet calls; but the very same deposits which the Trust Company is called on for redemption, if in the Treasury would not be called for; no, never, providing any practical mode could be adopted of paying interest semi-annually without cancelling the certificate.

Mr. Jay Cooke's idea of Government Bonds being available wealth, would, with such certificates, be fully realized. The immediate availability of both principal and interest would impart a value, it is believed, never before given to paper in any period of the world. Its being the most valuable would cause its being retained and hoarded above all other, and your first issue of One Thousand

Dollar Certificates—if permitted—would be kept out longer after the 1861 Bonds will have matured and been redeemed.

In view of the beneficial results to both Government and people, which the writer sees in such a character of deposits, he is impelled to again beg your consideration of the subject. Most respectfully,

Your obedient servant,

PLINY FREEMAN.

TREASURY DEPARTMENT,
June 26th, 1865.

SIR: The Secretary, owing to the great pressure of his private and official correspondence, has directed me to acknowledge the receipt of your note of the 23d instant.

Probably no different arrangement will be made except with Mr. Van Dyck's recommendation after he is fairly installed in office, and the Secretary desires you to confer with him and to state to him your views fully. The Department is clearly of the opinion that the course you suggest would result in securing larger loans to the Government, and in this way be very advantageous. There are, on the other hand, however, objections to which extended a system of receiving deposits by the Assistant Treasurers, which will readily occur to you. The whole subject may be considered open, and I trust you will confer freely with the Assistant Treasurer thereon.

I have the honor to be,

Very respectfully yours,

WM. E. CHANDLER,

Assistant Secretary.

To PLINY FREEMAN, Esq., President Globe Mutual Life Insurance Co., New York.

NEW YORK, Nov. 10th, 1865.

Hon. Hugh McCulloch, Sec'y of the Treasury.

HONORED SIR: Agreeably to instructions, in your favor of June 26th, I had several interviews with the Assistant Treasurer, Mr. Van Dyck, and submitted for consideration the propriety of waiving the required 10 days' notice of call after 30 days from date on certificates of temporary deposits. At the last interview I was gratified by his saying that he could see no objection, and that he had been making some experiments by waiving the notice, and that it had, so far, proved satisfactory; and also, that the late stringency in the money market had caused some to withdraw their deposits. He remarked that he had always issued but one certificate for the entire amount to each depositor, but that, had he issued them, as I suggested, of fixed denominations of one or five thousand dollars, probably a much smaller amount would have

been called for, as such certificates could have been used instead of greenbacks. The writer feels the consequences which would follow that simple Act (the issue of certificates of fixed denominations, of say \$1,000 and \$5,000, payable on demand, with accrued interest), so momentous, that he is compelled to submit further suggestions for your consideration. That the largely increased amount of circulating medium brought into existence by the exigencies of the war has caused the increased prices of all domestic products which now prevail, must be admitted. It has also caused, in great part, the extravagance existing among some classes of our community. The question follows: Is extravagance the natural consequence of a sudden transition from poverty to wealth?

Perhaps the experience in California may be pertinent to the question. The first adventurers, by the sudden possession of wealth, became so demoralized that civil law was powerless, and orderly citizens were compelled to organize themselves into "Vigilance Committees" for the protection of life and property. Time and the sober sense of the people have since remedied the evil.

Then naturally follows the question: If the Government had had ample power, what would be the wiser course? To have absorbed from that people the entire amount of gold they had extracted from the earth, and also to have prohibited any further accumulation of it, and thus to have reduced them to the same condition of poverty they were in when landing on the Pacific Shores, or to have left it to time to remedy the evil—which it has done?

May not the situation of the Freedmen of the South also be referred to with propriety, where it appears that the black man and his former master are both in a worse condition than before the change? Would it be best for Government to restore them to their former condition, or leave it to time and the good sense of all interested to cure the evil? The blacks are now in a transition state. Are not the middle and laboring classes of the whites—comprising the largest part of the people—also in a state of transition?

They appear now [1863] in a delirium of prosperity. Would it be best to send them back to their former condition of indigence and penury, in order to restore them to their senses? or leave it to time and their sober senses to work the cure?

President Lincoln is reported to have said: Understanding the spirit of our institutions to aim at the elevation of men, I am opposed to whatever tends to degrade them."

Does not whatever tends to poverty tend to degrade, and what tends to prosperity also tend to elevate?

Although with the increase of circulating medium has followed, *pro rata*, an increase in the price of the products of labor, will that price—like water—find its level, especially when the amount of circulation ceases to augment? In fact, is not an equalization and adjustment of prices and labor becoming more and more apparent daily? Does not plenty of money and high prices for labor tend more and more to elevate and render the masses independent? And is not the reverse equally true: the more you withdraw circulating medium from the masses, the more you render them helpless, subservient, and degraded?

Follow that road back, and how soon you find the white man in serfdom or feudalism. Who, except the Shylocks, desires the American citizen to travel that road?

It being conceded, as it must be, that the Legal Tender paper is the best circulating medium ever used by man, and that the exigencies of the war compelled its adoption, then for what good reason should it be withdrawn, and an inferior one substituted? Should the deposit system herein mentioned be adopted, a financial revision hereafter, producing bankruptcy and ruin, would be a practical impossibility. Is not even a remote probability of such a result worth the experiment; particularly as such experiment can be made without any financial disturbance, and tested within so short a space as perhaps 60 or 90 days?

All great wars teach great lessons. It has required two great wars to teach this nation the financial lesson that a paper circulating medium, of its own creation, made a Legal Tender, and convertible into bonds bearing interest, could carry it triumphantly and unaided through a war. The lesson was commenced in a revolutionary war, and progressed to the extent of creating and issuing Legal Tender paper.

If the writer reads history aright, until the amount of about 40 millions of Continental paper had been issued, it remained at par with gold. Has not the experience of the last four years proved to be a demonstration that had that paper been convertible into bonds, bearing interest or receivable at par for national bonds on interest, the national humiliation would have been spared of appealing to Europe (and for a long time in vain) for that paltry aid which was ultimately accorded? Had that been adopted, is it not equally certain that the nation would have

come out of that war, as the North has come out of this, richer and more prosperous than it went in?

Had the whole lesson been learned, and the bonds been convertible into paper (yes, the paper which became so obnoxious in name, Continental paper), the nation would have prospered from that time forward as no nation ever prospered, and that same Government paper would have been the circulating medium to this day, to the exclusion of all other. The people of the nation would have avoided the probationary stages of poverty and destitution which they have passed through, together with the financial convulsions which have followed periodically since, spreading bankruptcy and ruin in every part of the land. The war of 1812 was of short duration, and no material progress with the currency was made.

The late war repeated the lesson of the Revolution by issuing legal tender paper, and progressed one step further by making it convertible into bonds bearing interest and receiving it at par in exchange for interest-bearing bonds. Had it progressed no further than in the Revolutionary war, the result would have been the same; Government paper to-day would have been worthless; the war not ended; the nation begging Europe in vain for aid; and with the ultimate establishment of peace, in a condition of poverty and suffering beyond the power of imagination.

There is one stage of progress yet to be made—one step further to go. Is the nation prepared to make that progress now, or must it go through the horrors of another great war, or greater financial suffering, to perfect the lesson? That step is simply to make these bonds, at the option of the holder, convertible into legal-tender paper. It is believed that no additional legislation is necessary. Full power is now in the hands of the Secretary of the Treasury. He has simply to issue greenbacks on deposit or in exchange for bonds payable on demand (bearing a low rate of interest), using greenbacks for all Government disbursements. Should the amount disbursed at any time be more than that required by the legitimate wants of business, rates of interest at large would fall below Government standard, when the surplus would flow into the Treasury for its bonds, with the unerring certainty that the surplus water of a pond flows over its dam. On the contrary, should the outside rate of interest, from any cause, rise above the Government standard, bonds would return for reconversion until the equilibrium was produced;

thus rendering a financial revision impossible. Most political writers assert that the establishment of a system which would insure a uniform circulating medium is an impossibility. True, under any system heretofore attempted; but the writer boldly asserts that under the foregoing system no combination of circumstances could ever disturb its uniformity and equilibrium, for it has the inherent power of self-regulation.

Mr. Lanier, your Treasury Agent, recently returned from Europe, says, in speaking of the capitalists of Europe: "But the feeling against any further increase, and in favor of a contraction of the currency, was universally expressed as the sole condition on which our credit abroad could be maintained." Modest, indeed! Tell the lion to extract his teeth and remove his claws as the sole condition on which the other animals will receive him on an equality. The nation having performed the greatest financial achievement in history, unaided and alone, is modestly told it must now destroy all that power by which it was accomplished, and return to the weakness of the days of its infancy as the sole condition of maintaining credit among its neighbors. The patronizing tone of beggars: "Join our honorable fraternity, and we will protect you."

Samson was shorn of his power while asleep, but Young America is modestly asked to do the deed itself, well knowing that all Europe combined could not compel it.

In the name of heaven, is the proposition seriously entertained of following this advice of committing financial suicide, and of returning to a state of vassalage to the monied power of Europe, which existed to a greater or less extent from the days of the Revolution to the commencement of the late war?

Witness the monied power in England through its Bank. For a time its low rate of interest stimulates enterprise to an unusual extent, its commerce spreading over the world, causing, sooner or later, a foreign demand for specie to be drawn from the Bank, which is the signal for commencing a curtailment of its issues and discount, and increasing its rates of interest, ultimately resulting in bankruptcy and ruin to the enterprising classes, transferring property from the hands of the many to the few. When the demand has been nearly annihilated by its own action, it kindly reduces its rate of interest again so low as to entice others to enter the same road to ruin. Contrast this with your deposit system as even now in operation. In the late stringency caused by a deficiency of extra de-

men and for greenbacks, the public was expecting and looking for a panic, when the disbursement of a few millions from your deposit department entirely relieved it, to the surprise and discomfiture of a class who have been constantly predicting a financial revolution since the cessation of hostilities.

It is, I believe, generally admitted that the North came out of the war in a state of prosperity never before equaled; rich in all the elements of wealth—suddenly and unexpectedly made so. In everyday life we see it individuals who had suddenly become rich and as suddenly poor again, pointed at as persons who could not bear prosperity? Shall Young America be pointed at by the the sworn of the world as being unable to endure prosperity? Aye, and by the very parties who seduced it to its ruin? Is the nation ready to ignore all the experience acquired at the cost of such a vast amount of blood and treasure, and to commit racial suicide? and is the honored Secretary of the Treasury to do the deed? May heaven, in its mercy, preserve him from the act!

But should it be determined, at the dictation of European capitalists, that the deed shall be done, that the currency shall be contracted, prosperity annihilated, and bankruptcy and ruin spread over the land, let a more ignominious hand perform the act.

For, accursed will be his name
To everlasting fame."

On the contrary, as the whole power rests with the Secretary of the Treasury, should he profit by the war experience of the nation and adopt it, glorious and blessed will be his name among nations yet unborn.

Commending the foregoing to your serious consideration, I am,

Most respectfully yours,
PLINY FREEMAN.

COMMENT.
SEPTEMBER 25, 1875.

It is not a historical fact that, while Secretary of the Treasury, the Hon. Hugh McCulloch did, of himself, knowingly, "do the deed" and will not the unconscious curse of the hundreds of thousands whom his policy of contraction hurled from affluence to poverty, enshroud his name with ignominy forever?

Ten years ago (1865), was there not diffused through the whole North a prosperity previously unknown? And was it not so universal that the national debt was being paid off without being felt as onerous by the

people—to the astonishment and envy of the nations of Europe?

As reported through the Treasury Agent, Mr. Lanier—has not our currency been contracted and curtailed?

And in the same proportion has not the burden of debt been increased, and the revenues of Government in a like ratio diminished, crippling it in its operations, and virtually stopping the reduction of the National Debt?

Has not the Public Debt, which at that time was held at home, since the contraction of the currency been largely transferred to Europe, thus reducing America to a state of vassalage to foreign capital? For, as the "wise man" says, "the borrower is a servant to the lender."

And is not that contraction and curtailment forcing our mercantile and business community into bankruptcy; also forcing our railroads into the hands of receivers? And has it not already prostrated our manufacturing and mechanical industries, and thrown thousands and tens of thousands out of employment?

Is America to continue this downward road to ruin at railroad speed until serfdom or feudalism be re-established? Have the intelligent, thinking American citizens already become so humbled and so far deprived of their manhood that they dare not require of their representatives in Congress such legislation as will remove the evils now crushing them? Or do they believe, what has been so persistently taught, that the people are yet too prosperous? that the currency must be still further contracted? that the people have too much money? that it must be withdrawn from their hands and destroyed, to re-establish the natural condition? Virtually asserting that poverty is the natural condition of the American citizen!

Perhaps it may be inquired if it be possible, by Congressional legislation, to provide a measure sufficiently potent to remedy the evils aforesaid. Aye, that it is, and one so simple, so short, that he who runs may read and understand. One that may, by one day's action of Congress, become a law, and by the same day's telegrams carry joy and rejoicing to every hamlet in the land.

How? Simply have greenbacks made a legal tender for all monetary purposes whatsoever, without exception, convertible, at the option of the holder, into bonds bearing interest; said bonds, at the same option, re-convertible, with accrued interest, into greenbacks.

Is that all? Yes, that's all! and simple as it is, it will solve the financial problem of the age.

The Republicans of Ohio, in their late convention, adopted as the second plank in their platform, that "That policy of finance should be steadily pursued which, without unnecessary shock to business or trade, will ultimately equalize the purchasing capacity of the coin and paper dollar."

Make the greenback a full legal tender, adding the interconvertible principle, and "without unnecessary shock to business or trade," it will "ultimately equalize the purchasing capacity of the coin and paper dollar." But no other method yet proposed, either in or out of Congress, will.

The day it is known in Wall Street that such an act has been signed by the President, that day gold and greenbacks will be on a par; for our merchants will no longer be compelled to buy gold to pay duties on their imports.

Publicists of acknowledged ability have exclaimed: "Going to repudiate, are you?" Repudiation, indeed! Never! I propose that greenbacks and gold shall be brought to par with each other, and gold be purchased in Europe with which to pay interest on Government bonds promptly as it matures—not only on those held abroad, but at home also. And as our mines furnish bullion enough to meet all other exigencies liable to arise, the demand for coin would suddenly cease, and it would fall to par. Gold would certainly fall to par, and instead of longer playing the tyrant over our enterprise, become its servant—ministering to its wants. Resumption would follow, and our currency be established upon an immutable basis—a basis against which the angry waves of panics and revolutions would never dash and break again.

Witness the French nation, whose currency is virtually on a par with gold. Why? For the reason that when it commenced the German war the Government authorized the Bank of France to more than double its issues, and made it a full legal tender, since which gold has never risen above par to any appreciable extent. And notwithstanding they were a conquered people, the French, since the war ceased, have become the most prosperous nation on the globe. And who can say that they are not now in a more prosperous condition than at any previous period during their long and eventful history?

Why will America blindfold its eyes and

stop its ears? Why not profit by this most glorious experience passing under its review, and make its Government paper also a full legal tender, interconvertible with bonds bearing an equitable rate of interest, and thus reestablish confidence, revive our prostrate industries, furnish occupation to the millions now unemployed, and diffuse prosperity and happiness throughout the length and breadth of this broad land.

The Gold Rings in Wall Street or elsewhere will thus lose their customers, and the Shylocks their hold on the "pound of flesh." Then will American industries revive, the products of labor increase, until our exports exceed our imports, paying off our foreign debt and turning the balance of trade in our favor—America becoming, instead of a debtor, the creditor nation of the world.

Is this all assumption? Most certainly not. Such resumption will enable Government to commence paying off its 6 per cent. bonds now due with coin or greenbacks, which will widely distribute the currency and soon reduce the current rate of interest to Government standard—say 3.65 per cent. per annum.

Distribute the volume of the currency through our country, and what will be the result? Answer: A pro rata increase in the employment of labor. Why? Because it will increase the demand for the products of labor. Mr. McCulloch's contraction policy has already smitten industry with paralysis throughout the broad borders of our country.

The wall of the laborer warns us that a moiety of our toiling millions are out of employment, or nearly so.

Sufficiently diffuse and circulate the volume of our currency, and it will reduce interest to the Government standard rate.

Will this not give such an impetus to our industrial pursuits that universal employment will rapidly follow? And who can then say that at an early day the excess of our exports over our imports may not be sufficient to pay off the foreign debt, and turn the balance of trade in our favor, and render ours the creditor nation?

Respectfully, &c.,
PLINY FREEMAN.

TREASURY DEPARTMENT,
Nov. 13, 1865.

DEAR SIR: I am directed by the Secretary to acknowledge the receipt of your favor of the 10th inst., and to say that the subject to which you refer will be considered by him as soon as he gets through with the preparation

of his Annual Report to Congress, on which he is now engaged, and disposes of some other matters which are demanding his immediate attention.

I am, very truly yours,

JAS. M. DAVIS, Private Sec'y.

Finny Freeman, Esq., New York.

NEW YORK, Nov. 22, 1865.

Wm. Hugh McCulloch,

Secretary of the Treasury.

HONORED SIR: According to official reports, the amount of what is termed circulating medium in

1834 was about 76 million dollars.

1837 " " 126 " "

1841 " " 300 " "

1845 " " 800 " "

—from which it would appear, making all allowances for inflations or irregularities, that there has actually been a natural increased demand for the business requirements of the people during the past thirty years.

May we not expect the "natural increased demand" continued in the immediate future in an accelerated ratio with the accumulation of wealth caused by the labor of the augmenting population by natural increase and large prospective immigration?

Will not the stimulus of the high price of the products of all descriptions of labor—agricultural, mechanical, manufacturing, mining, not excluding metal—augment the wealth of the nation in an increasing ratio, and require the volume of circulating medium to be increased in the same proportion?

What that natural increase would be, experience only could demonstrate. In my communication of the 14th instant, for the purpose of illustrating the principle, I calculated it at 10 per cent. per annum, creating an additional three thousand millions in 18 years. Suppose it proves in practice to be only half that amount, requiring 36 years or longer, it matters not, the result would be the same to the nation. As all tax and internal revenue laws could be repealed, and duties on importations be so graded as to equal all disbursements of the Government—when that increase of circulating medium will gradually have absorbed and paid off the whole of the present National Debt—without disturbing any financial or pecuniary interest whatever; the people being, during the time, in the uninterrupted enjoyment of a currency superior to any on earth, and a prosperity previously unknown to the human race.

Is America disposed to turn her back upon

this bright and glorious vision of the future, which has been so clearly revealed to her view as a reality by the costly experience of the past? Is she to commit suicide by following the advice of her worst enemies in destroying her very life blood, which has clearly proved to be the sole cause of her prosperity, namely, the *Legal Tender Paper*, and to retrograde through the darkness of the past to poverty, degradation, and demoralization, with all their attendant evils? It has been said that even fools could profit by their experience. Is America unable to comprehend and profit by her own most glorious experience?

Pardon a quotation from the 41st page of the *American Political Economy*, by Bowen. He says, very properly, that:—"The increasing abundance of money, and the steady rise of prices, stimulate all forms of industry and enterprise. As the operations of trade and manufacture are quickened, wages tend to rise even in a higher ratio than commodities." Thus the condition of laborers is ameliorated, and the inequality of the distribution of wealth, which is the great misfortune of the most prosperous nations, is slowly diminished. Hume long ago remarked, that "in every kingdom, in which money begins to flow in greater abundance than formerly, everything takes a new face: labor and industry gain life, the merchant becomes more enterprising, the manufacturer more skillful and diligent, and even the farmer follows his plow with greater alacrity and attention." "But when currency is diminishing, the workman has not the same employment from the manufacturer and merchant, though he pays the same price for everything in the market. The farmer cannot dispose of his corn and cattle, and other products of his labor. The poverty, beggary, and the sloth that must ensue, are easily foreseen."

On the 15th page, in speaking of England during the period of the suspension of the Bank, he says: "It was this depreciation of the currency which carried England triumphantly through the war, which enhanced rents and profits, gave unprecedented activity to manufactures and commerce, kept the laboring population employed, enabled the Government to raise enormous loans, without difficulty, and made the people bear with ease and cheerfulness an amount of taxation which they can now hardly contemplate without shuddering."

"It is undeniable that during the greater part of that period (from 1793 to 1814), the

trade of the country was in a state of *unexampled prosperity*. In no twenty-two years of our history, of which we have authentic accounts, has there ever been so rapid an increase of production and consumption as in the twenty-two years ending in 1814. It is not going too far to say that, without the high prices of those years, Wellington could not have driven the French out of Spain, or triumphed at Waterloo."

"The dark hour came when, after the close of the war, it was *thought necessary* to take measures to contract the currency, restore the former value of money, and submit to the consequent fall of prices."

"There was from 1814 to 1816 (a period of rapid contraction of the currency) a very general depression in prices of nearly all productions, and in the value of all fixed property, entailing in consequence losses and failures upon the agricultural, commercial, manufacturing, mining, shipping, and building interests, which marked that period as one of most extensive suffering and distress."

The writer would respectfully ask, is it not clearly seen now that the system which sustained England so triumphantly through its greatest war would have continued to sustain it in time of peace, and saved it from that "most extensive suffering and distress," and also from the periodical pecuniary convulsions and revulsions which it has so frequently suffered since, aye, and must continue to suffer—unless it changes its system—through all time?

Is America disposed to close her eyes to her own most glorious experience, and to the broad daylight of the present, and follow blindfold such an example? Would the dignified example of even old England excuse young America in re-enacting one of its greatest blunders?

Suppose the nation curtails and destroys its own most precious currency, will that reduce the premium on gold? Has it not been demonstrated that the amount of currency has no immediate effect upon the price of gold?

During the year 1841, the price of gold was as high as 275, since which the volume of currency has increased perhaps one-quarter. If the price of gold had increased with the increase of currency, the present price of gold should be 343 instead of 146, which it is at present. Again, the late process of funding the fifty millions of currency had the effect of raising a stringency in the market and reducing the price of Government Stocks, but gold, like a statue, stood unmoved.

When the first issue of greenbacks was made, there was a small issue about of what was termed demand notes, which were receivable at the Custom-House. When gold rose they rose, and within a fraction kept pace with it until all were absorbed and cancelled by Government.

Does not that fact prove that had all Legal Tender paper been received at the Custom House, it would have kept on a par with gold.

The Legal Tender paper issued by Government belongs to those that hold it. It is so much representation of wealth in their hands. Should Government obtain its possession, and destroy it, it would destroy so much of the medium of exchange, by which property is exchanged and transported from all parts of the United States to all parts of the United States. Without a circulating medium it is impossible to make such exchange and removal of property; consequently all descriptions of property would fall in value, and many become worthless for want of a market.

For instance, what would corn and grain of Indiana and Illinois be worth to the farmer, if there was no money to purchase and transport it to the market? Witness the Winter of 1843, when he could realize only from 6 to 10 cents per bushel in the interior of those States, for the reason that from lack of money there was neither a market nor the means of taking it to market, leaving it to decay and fertilize the ground, or be used as fuel.

Should the nation destroy its Legal Tender, what has it to fall back upon but the privilege of borrowing a limited amount of credit from associated individuals or corporations, the interest on which, if issued by Government, would go to reduce, to that extent annually, its taxes.

Is not the amount of said credit, as limited by law, entirely inadequate to the public needs, and is it not also constantly subject to fluctuation at the caprice of said associations, instead of being graduated exactly to the wants of business, as it would be by Legal Tender paper and the bank paper combined, under the convertible system?

As in England, before the curtailment of the currency, do not the people of this country now pay an amount of taxation with ease and cheerfulness that astonishes all Europe? And why? Answer: Because they have the means. But suppose Government withdraws and cancels its issues, how would its revenues be affected? Answer: Reduced to an almost infinitesimal amount.

When our loyal people have the means, it is proved that they can and do pay their taxes cheerfully.

It follows that when they have not the means, they cannot and will not pay them.

Continue Government issues to supply the natural increased wants of commerce, and the present generation will pay off the National Debt, Curtail and cancel it, and Government and people are bankrupt, and the debt entailed on unborn generations, and the greatest prosperity the sun ever shone upon destroyed and annihilated by its own act. *My Heaven in its mercy preserve the nation from such calamity, such national suicide.*

I the issue of the Legal Tender paper has rendered the nation financially independent of the world, why not adopt it as a boon from Heaven? Systematize it by making it convertible, and render it truly the "American System." Would it not be recognized by all nations as such, in wonder and astonishment, and ultimately be adopted by all?

Adopt Legal Tender as the circulating medium of America, a Legal Tender for all purposes whatever, convertible into Bonds, payable on demand, and sixty days after it is received for Custom-House dues, without procuring any stringency or financial disturbance, the price of gold will fall to a par with Legal-Tender paper.

But Government has engaged to pay part of its interest in gold. Let it continue to do so strictly to the letter; but, until its market price is below par, let the Department import it from Europe, and purchase none in this market, not even in California. Commending the foregoing to your consideration.

I am, most respectfully,

Your obedient servant,

PLINY FREEMAN.

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TREASURY DEPARTMENT,
November 24, 1865.

DEAR SIR: I am directed by the Secretary to acknowledge the receipt of your favor of the 13d instant. He has, I think, completed what he has to say in his Report upon the subject of the currency, but will give to your communication due consideration.

I am, very respectfully yours,

JAS. M. DAVIS, Private Sec'y.

Plin. Freeman, Esq., New York.

NEW YORK, Nov. 28, 1865.

Hon. H. McCulloch,
Secretary of the Treasury.

DEAR SIR: The writer feels impelled to submit a few more remarks for your consideration.

The circulating medium in 1865 appears, from such data as I possess, to be sometimes as much as it was in 1854. Should it increase in the same proportion in future—ten times in 30 years—the ratio would be five times in 15 years. Suppose the present amount to be 800 millions; five times would be 4,000 million dollars. Were that issue all in Legal Tender paper, the increase, if appropriated to that purpose would absorb and pay off the whole present national debt in 15 years, leaving the nation free of debt, and the people owning and possessing a circulating medium, or representative of value, for all domestic purposes and internal exchanges equal to gold; and as it will purchase whatever gold will purchase, will it not be its equal in every respect? It is sometimes said to be an irredeemable paper. In reply, may it not be asked, what is gold redeemed in? And is it not redeemed in all that gold is redeemed in? the only difference being that gold can be shipped to foreign ports as merchandise. And here lies one of its great national benefits: it cannot be interfered with by foreign nations. The question naturally presents itself, what is the best mode of supplying the increased demand—be it more or less? Shall America create a medium of circulation with which to pay off its debt, without taxing its people a dollar, and leave them owning and possessing a better currency than any other on earth? or shall it create among its people a privileged order—an order of nobility—a moneyed aristocracy—who shall, by association, loan their credit, endorsed by Government, after depositing with it its bonds as collateral security?

Such associations of citizens, by loaning the people their credit on interest, and receiving from the Government on the hypothecated capital interest also, are thus legally protected in double the rate of interest which any other citizens are by law allowed—one-half of which the people at large are compelled to pay in taxes to Government; the other half being paid by that portion of the people who borrow the association's credit.

In founding the National Banking system it is not to be credited for a moment that Secretary Chase intended to form an American order of monied nobility, any more than that the framers of the constitution intended to do the same thing; and yet, divested of its surroundings and analyzed, is it not an undeniable fact? True, it is of small dimensions now, but if it is to be increased with the increased wants of the people, and the public continue to be taxed for its support, how long

will it be before it becomes a power terrible to contemplate? As our Government was created for the people by the people, and not the people for the Government, how long will such a system be tolerated when fully understood and comprehended by the people?

Government, in issuing circulation based on a pledge of its own bonds, virtually issues legal tender, for it is redeemable in legal tenders. It indirectly, through the banks, issues its own paper and pays the banks for the privilege of doing so. It indirectly, at the national expense, does what it would be far better for the people to have done directly, without any expense. Should it issue directly its legal tender in exchange for its bonds—instead of receiving them as a pledge—would it not relieve the public from so much taxation, pay so much of the debt, and furnish a circulation far superior to the substitute?

The amount of the substitute is limited by law; does not the limitation create a monopoly in addition to a privileged order? If necessary to have such substitute at all, why limit it? Have we not had sufficient experience on that subject in different States? So long as limited, the business confined to special charters, the people of the State of New York had a great fear of and prejudice against banks. Since the adoption of the Free Banking Law, allowing all that could deposit State stocks to engage in the business, that prejudice has disappeared. Since it has been unlimited, no injurious consequences have followed. The demand has governed the issues.

The National Banking Law was patterned after New York State Law—as the one worked well and was popular, so the other, so far, works well and is popular—but the difference is great. The State could not create a Legal Tender paper that would both pay off its debts and furnish the people a currency superior to gold. But have not the operations of your Treasury clearly demonstrated that it can do both.

Then why not put it into practice. The only objection that presents itself is that there may be too much; that it might cause an inflation to such an extent, perhaps, as to become comparatively worthless, like the Continental paper. That would be so, did Government provide no means of avoiding it; but let Government at all times receive it for its bonds at a standard rate of interest, and it would be impossible to produce a redundancy, reducing the outside interest below that standard?

Is it not the history of the world that when money is plenty interest rates low, and when scarce it increases in price, in proportion to the supply and demand?

Will not the demand, in what are termed prosperous times, increase beyond the supply, causing fluctuations in the rate, as lately with the Bank of England, ranging from 3 to 10 per cent in a short time? Is not such the natural consequence, and one impossible to regulate to uniformity so long as the public depend on bank issues, and said issues limited in amount or redeemable in any material that is liable to pass out of the nation, and beyond the banks' control?

When Foreign exchange rules so high as to require the coin held by banks as a basis for their credit, by which their foundation is removed, does not their superstructure fall to the ground, and a financial revolution throughout the land ensue? And will not such periodical revolutions continue so long as our currency, or circulating medium, rests upon any basis that foreign nations have the power to disturb?

Is it not clear that the business wants of the public will, in a few years, require a circulating medium equal in amount to the present national debt? And if the National Banking System is continued, how are its hypothecated securities to be supplied? Shall the debt be perpetual for that purpose?

The writer frankly admits, it appears clear to him, if the legal tender paper is annihilated and the banks compelled to redeem in coin, that it will be perpetual, and the momentum of the nation's prosperity not only checked but destroyed, and the energies of its people paralyzed, and its debt bequeathed to future generations.

Should man worship the past out of reverence for the wisdom of the past, or exercise the judgment with which his Maker endows him, to profit by the experience of the past for the benefit of the present and future?

Commending the foregoing to your consideration, I am, most respectfully,

Your obedient servant,

PLINY FREEMAN.

NEW YORK, December 20, 1865.

Hon. Hugh McCulloch,

Secretary of the Treasury.

HONORED SIR: Please accept my thanks for the copy of your first Annual Report, which you had the kindness to send me; and which, permit me to say, I have perused with great interest. I would beg to allude to the subject of the suspension of specie payments

in the two years 1857 and 1858, referred to in your report as being both produced by the same cause.

As to that of 1857, the writer had the pleasure of expressing his opinion in his communication dated May 23d, in relation to which it would appear that our views substantially correspond; but I would beg leave to refer to a few incidents connected with that of 1857.

I will be remembered that the Ohio Life and Trust Company, having a branch in this city, had become, through protracted bad management, hopelessly insolvent and had failed; causing the failure, also, of a prominent private banking firm, previously supposed to be wealthy, which had become entangled in business operations with it, producing some excitement with the public, and also with the banks, particularly with the creditor institutions. The manager of one of the largest banks, imagining this to be the signal for a general bankruptcy, became so badly frightened that, in order to protect his bank from suspension, he immediately called in all its temporary loans and nearly discontinued discounting for its customers, rendering it a creditor bank, and demanding specie from neighboring banks for their balances—thus compelling others in self-defense to do likewise, and disturb the whole business community—when depositors took the alarm and drew their deposits in specie; the natural consequence of which was universal suspension.

Mark what followed. Specie could not be sold at a premium, and shortly thereafter the widely frightened specie bags were seen wandering their way back to the banks, begging to be received again. Would not the fact that bank paper, after the banks suspended, did not depreciate below gold, clearly prove that there was no expansion of paper currency—no over-trading—no fault of business? Might it not more properly be charged to the system? For could not the same result, under the same system, be produced at any time, either by light, caprice, or design, even by a single bank, should that be the one holding the largest amount of capital? In fact, the principle was actually tested in this city, to the extent of increasing its interest on call from 7 to 7 per cent. in five hours.

Thus: A gentleman holding a prominent position financially, being called upon by the manager of one of the leading banks, who complained that the rate of interest—5 per cent—was too low, replied that it could be increased to 7 per cent. the next day if desired. Of course the manager anxiously inquired

how, and was answered, "By calling in all temporary loans." The bank manager doubted it, and gave what, probably, appeared to him clear and lucid reasons why it could not be done, but ultimately agreed, partly as a matter of sport and partly as a test, to make the experiment. Accordingly, early next morning he was at the bank, and had notices prepared for all the dealers having loans on call which amounted to millions, to return them immediately, and on the opening of the bank at 10 o'clock had them distributed. About 11 a.m., a manager of another large bank called on said gentleman to inquire what was in the wind. He had already had, he said, over 20 applications for large loans on call, and if there was anything serious he must protect his bank by calling in his loans. The gentleman necessarily plead ignorance, and simply remarked it was as well to be on the safe side. The other went home and called in his loans, also causing great commotion. The result was that by 3 o'clock all the banks had their call loans adjusted at 7 per cent.

Had the Government deposit system of issuing certificates for deposit payable on demand been in operation, all the banks would have had deposits to fall back upon, without disturbing their dealers, in which case would it not have been impossible to have produced the same result?

Has not the effort to establish a uniformity in values, or uniformity in interest based on coin, heretofore and through all time proved a failure? The writer has never either heard or read of any claim to its being otherwise.

Knowing and admitting this, why should we go back to such a system? Is it because time has rendered it venerable with all its sins, and all nations have sanctioned and practiced it; particularly the monarchies, where it has done its worst so effectually of making the rich richer and the poor poorer, Did not all nations, including our own, with equal unanimity, sanction and render the usage sacred of incarcerating human beings in prison; allowing them to starve and die, unless saved by charity? and for what? simply for debt, and for the trifling amount of a few shillings. That law, imprisoning for debt, by long and universal practice was deemed so sacred, that the proposal for its repeal in this State caused a universal outcry, branding the author of the proposal, the Hon. Silas M. Stilwell, as a public enemy. Yet it was repealed; and now that other States and nations have followed the example, how would a proposal for its re-enactment be received? And how do the present generation

respect the wisdom and humanity of the past, which, by universal sanction and practice, rendered such a barbarism sacred?

Is not the day at hand when the *unreliable, uncertain, and treacherous* specie basis of the past, which has periodically hurled millions from affluence to poverty, will also, by common consent, be placed among the barbarisms of other days?

Shall we follow a "beaten track" when we know that track was made by groping and stumbling through dark and misty ages gone by?

Shall we continue to follow the Indian trail, when we see the railroad train along side?

Shall man worship the previous generations of men, and by following their beaten track, virtually acknowledge that they arrived at perfection? Who so bold as to declare that either the past or present generations have arrived at perfection on any one single subject?

It is frequently inquired by the worshippers of the past: Shall the present generation presume to be wiser than their fathers? Perhaps not, but does not history show that each generation makes some progress, and adds something to the wisdom of the past?

We appear to live in an age when the mind of man is set free, and the door of knowledge opened; for has not the last fifty years shown greater progress than any five hundred years previous? and yet has not the progress been greatest during the last four years of war?

Has the shock of this most magnificent war closed that door, or thrown it wider open? The writer thinks the immediate future will prove the latter.

By removing the necessity of constant use of the baser faculties, and stimulating the exercise of the nobler kind, would not an equilibrium be produced, resulting in the harmonious action of all the powers conferred upon man?

I would repeat the simple financial reform, Let Government issue "Lawful Money"—(not promises to pay)—made Legal Tender for all purposes, whatever, convertible into bonds bearing interest, the bonds convertible into lawful money at the option of the holder. Government to disburse such lawful money for all its requirements.

Would not money, being admitted into the Treasury when redundant and disbursed in redemption of bonds when required by the Hon. Silas M. Stilwell, as a public enemy. Yet it was repealed; and now that other States and nations have followed the example, how would a proposal for its re-enactment be received? And how do the present generation

Can there be a doubt that a Government

standard rate of interest would be a perfect regulator? Does not money, when it becomes plenty like all other commodities, become cheap? And is not interest its price? No matter how plenty it becomes, if Government receives it at a fixed price, would it be possible for it to fall below that price?

Should that price or standard rate be a reasonable and proper one, would it not keep the legitimate business of the country in a healthy condition? The business of the country being kept at a healthy point, could a wild speculation ever commence?

Was not the speculation which you mention of 1856 caused by an unusual amount of currency forced upon the public at a low rate of interest, by a war between the U. S. Bank and the State Banks, enabling the early adventurers to make such rapid fortunes as to produce a contagion, spreading and pervading the whole land, ultimately creating such demand as to increase interest to the excessive rates mentioned in your report, and which might perhaps properly be termed Public Delirium Tremens caused by stimulus administered by the Banks? All of which would not a Government standard rate of interest have prevented? Might not a Government standard, if universally established, produce a uniformity and equilibrium in the financial world, comparable with the laws of gravitation and attraction which hold in equilibrium the planets and moving bodies throughout illimitable space?

Would not the use of lawful money in the gradual payment and substitution of the national debt, not only relieve the nation of its burden without taxation, but through the standard rate of interest, furnish all the capital required for legitimate business—and establish a uniformity to be relied on throughout all time? Lawful money being disbursed by Government to the people—and belonging to the people—and diffused through the country, would seem to be a real increase of wealth. As increase of wealth invariably increases consumption of the products of labor, does it not follow that such increased consumption increases the exchangeable value of such products, and also in an equal ratio the price of labor? Should the standard be four or five per cent, would there not always be sufficient capital diffused through the whole country to keep in full operation and reward every description of labor, so that no human being, mentally or physically competent, need be out of remunerative employment? When all became sure of being able to provide for their natural wants, would not the fear of starvation be removed from before their eyes, and,

he miser's vocation gone, a motive no longer exists for coveting what belongs to one's neighbor? When every man could earn enough and to spare for the support of himself and family, instead of coveting his neighbor's, would he not feel a noble gratification in helping those unable to help themselves?

Remove the motive for vice and covetousness, and do you not cure the evil? In the long dark ages of the past, has not man been doomed to toil—uncessant toil? and for what, but to minister to the wants of the body? Then, is it a wonder that during the last two thousand years he should have developed little of the God-like powers with which he was endowed by his Father in Heaven?

And is he not capable of doing at the present day—by studying and adopting the laws of nature—what required a miracle in the days of Moses, when the children of Israel were supplied with quails and manna, and commanded to "gather of it every man according to his eating; an omer for every man according to the number of his persons"? And he that gathered much had nothing over, and he that gathered little had no lack.

When a small amount of labor will supply all physical wants can there be any poverty in the land? and when he that gathered much had nothing over, would there be any motive to hoard or to covet his neighbor's?

When a part of a man's time in toil suffices for the wants of the body, will he not feel an innate sense of independence, and elevation of his manhood, enabling him in his own estimation, and enabling him to rise above the sordid, selfish, animal passions which previously controlled his actions?

If that simple financial reform will do all this, will it not accomplish that reform for which Christ came upon earth, viz.: to teach men to do as he would be done by—and thus produce a real radical moral reform?

It is justly stated, in your Report, that labor controls capital. Query: Why? Is it not because capital is more abundant than labor at this time?—and was it ever so before the war, with a few exceptional and brief periods of time? True, the fields for labor with liberal reward are almost limitless; but were not in some fields, though less developed, in existence in 1843, when, in all the larger cities, there existed actual starvation, and at the very time when the products of the earth in the agricultural States were left to decay and fertilize the soil, for want of capital to move them to market—as is shown in your same Report—when circulation "fell from one hundred and forty-nine millions in 1837 to

fifty-eight million in 1843?" Only fifty-eight millions of currency in the whole United States in 1843! Then is it any wonder that stagnation paralyzed the land, and suffering and starvation the cities? Then does it not follow, so long as capital is abundant, that labor will be amply rewarded; and if a national standard rate of interest and deposit system will maintain the supposed equilibrium that neither will be subservient to the other, but both act in harmonious concert?

It is sometimes remarked that gold has an intrinsic value, which is recognized by all the world, but that Government lawful money has not.

The writer would respectfully submit, that a gold dollar represents such an amount of labor or the product of labor as may be deemed its equivalent wherever it may chance to be, and that the lawful money dollar represents precisely the same anywhere within the boundaries of the Government that created it. And also the nation itself is responsible, and, if needs be, the entire wealth of the nation; for should it ever be deemed necessary to cancel it, Government could, through its power of taxation, absorb the whole. But gold is recognized by all nations, and our lawful money is not. Is not the fact that it is not so recognized one of its virtues, as it can never be interfered with? And does not the fact that gold is so recognized disqualify it as a basis for a uniform currency? Is it not in the power of any foreign nation with which the United States have extensive commercial relations, with the concurrence of their banking institutions at any time—if at peace—with or without the balance of trade being against us, to withdraw enough of said specie basis to produce suspension of the banks and cause a financial revulsion?

May it not be likened to the sands we read of as a foundation for the house, where the winds blew and the floods came and the house fell, and great was the fall thereof? But if lawful money is redeemable in all that gold is redeemable in, and represent the wealth of the nation also, may it not be deemed the Rock on which it is safe to build our house?

It is admitted that the real cause of the war was slavery. Slavery to what? To the money power. The query naturally follows, Has the monster been conquered—rendered powerless? Ans.—No; one arm only has been paralyzed—the black slave is free, and for the present the white slave also—but his liberty is only temporary; his manacles lie

around him ready to be replaced—and the cry comes up from many parts of the land, "Re-adjust the manacles—he will become demoralized, and run wild if left free." The Shylock cries, "Put on the shackles immediately, or he will soon be beyond control, and we shall have a universal democracy—that detested leveller of the human species—when the Divine right of the few to rule and enslave the many will be ignored. He will then have a real Democracy. He has heretofore been amused and satisfied with the name, the shadow; he will then have the substance—when our craft will be powerless, and Freedom reign triumphant."

Thus reasons the power that has enslaved and controlled the larger part of the human race through all time past.

Shall that power be re-established and perpetuated? Let young America answer, (See comment below.)

It appears to be in the nature of man to revolt at innovations, but when he allows judgment full and free exercise, prejudice is sure to be dispelled.

Believing that the importance of the subject justifies a careful and prayerful consideration, the writer would again subscribe himself,

Most respectfully, your obedient servant,

PLINY FREEMAN.

COMMENT.

NOVEMBER, 1875.—Ten years have elapsed since that question was propounded, Now, the tolling millions out of employment, suffering want and privation, and approaching the brink of starvation, will answer that question. The merchants and traders of all the cities and States of the Union who have failed and become bankrupt, will answer that question. The manufacturers who have failed, together with those who have dismissed part of their force and are working the remainder on short time, will answer that question. The thousands of clerks and young men now seeking employment in vain, and whose numbers are constantly being decimated by suicides, will answer that question. The mechanics of all classes, whose trades are now paralyzed or dormant, will answer that question. The farmers, planters and agriculturists generally, who ten years ago were in easy circumstances, and who are now groaning under a load of debt, will answer that question,—by voting for Congressmen who will advocate the adoption of the interchangeable System of Finance.

Let every patriot, every loyal citizen, every

true American, join in the above vote. Then universal prosperity will bless the land and universal liberty reign triumphant.

And America will then have fully achieved her independence,

PLINY FREEMAN.

NEW YORK, Jan. 28, 1886.

Hon. Hugh McCulloch, Sec'y of the Treasury.

HONORABLE SIR: In your annual report is an estimate that the national debt may be paid off in 28 years. Suppose, at the end of 28 years, it is paid off and liquidated?

The same report states the amount of circulating medium at different periods; which shows a gradual increase of amount. Should it be increased in the same ratio for the next 28 years there would then be an amount, in addition to the present, equal to the present national debt.

The writer most respectfully inquires how that vast amount can be supplied? Should the present National Bank system furnish it?

That will appear somewhat impracticable, when we consider that the national debt being paid off, the bonds now deposited for circulation will be cancelled, and the foundation and support removed, then the system will have ceased to exist.

Shall it be reconstructed on deposits of State Bonds? If so, the national Government would necessarily guarantee them and their payment, and when any one State's debt was paid off that system would fall.

Should an attempt be made to deposit gold as a basis for circulation, it would not pay, as the associations would only receive an interest on their capital instead of two, as at present; consequently in that form it would not even make a beginning.

Pray! Is there any other mode of nationalizing bank issues? Shall we go back to the exploded U. S. Bank, State Bank, Safety Fund, or Wild Cat System of the past? Will the people who have had a taste of greenback circulation, uniform in value, in all parts of the nation, ever be satisfied with such a heterogeneous mass of incongruities? Echo answers will they?

When the National Bank System shall have had its day, will it be possible to adopt any system of Bank paper circulation which our people will tolerate? Let us consider the subject in all its bearings, and if we cannot discover some practical system, frankly admit it to be impossible, and that the days of Bank Note Circulation are numbered. Thereoforth what is possible but Government lawful money? And how can Government furnish

hat except by using it in all its disbursements.

If the more we reflect on this aspect the stronger the conviction becomes that we must sooner or later arrive at such results, why not recognize the fact now, and make a virtue of necessity by inaugurating the system which will silently and almost imperceptibly produce the glorious change in your day, and thus secure the credit instead of leaving its honors to be reaped by a successor? Its immediate adoption would save a vast amount of money and financial suffering to the nation, and render panics hereafter impossible.

As the writer understands it, the deposit is limited to two hundred millions, fifty millions of which are to be retained as a redemption fund. Pardon the suggestion that the only legislation required would be to remove said limit of the amount of deposit.

Then should nothing but Greenbacks—Lawful Money—be received on deposit or in exchange for bonds, payable, with accrued interest, on demand, and the Treasury, disbursing only lawful money for all demands, returning to the National Banks for redemption their circulation as fast as received, the reference for Government paper over National and other bank paper would be so great as to cool the ardor for more National Bank charters, and Government paper become daily more and more popular, until required by the public in the place of all other.

The writer sees no reason to doubt, should the foregoing simple system be practically adopted, that a few months thereafter the rate of interest could be reduced to 3.5, or 4 per cent, if desirable, and a sufficient surplus flow into the Treasury to enable the Department to commence redeeming the 5,298, and continue gradually until the whole debt is paid off, to the astonishment of ourselves and the world at large.

When we review the financial history of this country, commencing with the Colonial paper issues, and following the various forms and places which it has taken to the present, we do not clearly perceive the finger of Providence guiding its progress step by step to a dazzling foretaste to-day of a most glorious future?

Humbly submitting the foregoing to your consideration,

I am, most respectfully,

Your obedient servant,

PLINY FREEMAN.

New York, March 8th, 1866.

Hon. Hugh McCulloch, Sec'y of the Treasury,
MOST HONORED SIR: In your esteemed

favor of the 10th of January is the expression: "My own opinion is, that the least direct connexion which the Government has with the business of the country, the better will it be both for the Government and the people."

Being strongly imbued with the same opinion, soon after the monetary revolution of 1837, and while Henry Clay literally controlled the action of Congress, the writer submitted to him a plan for Congress to authorize the creation of a certain amount of lawful money, to be constituted a basis for all Bank issues; to be distributed among the States in proportion to population. The amount to be increased periodically at the end of each five years, to meet the increased wants of the country. In that plan, although the law was to be passed by Congress, it would have had no power over the funds; they were to be placed as near the hands of the people as appeared practicable.

The plan was imperfect, however, as the amounts created would of necessity, be arbitrary, lacking the power of accommodating the wants of business by expansion and contraction in conformity with the laws of trade. All of which a Government standard rate of interest would appear to perform perfectly. And yet that plan would have been an improvement at the time, but Mr. Clay was too firmly wedded to his U. S. Bank hobby to see virtue in any other system.

The writer has studied the subject with intense interest since that time and thinks he sees in a national standard rate of interest,—simple as it may appear—a perfect system; one which would secure an equilibrium in monetary affairs through all time, and which no human combination, either in Wall street or Threadneedle street, could ever seriously disturb.

In his oration, Mr. Bancroft says: "That Government rules the affairs of man, is as certain as any truth of physical science." Then our men, who with reasoning faculties, doubt that the war was produced by that power, and that our present financial condition is one of the legitimate results of the war?

Again, Mr. Bancroft says: "Unseen hands draw the bolts from the gates of futurity; an all-subduing influence prepares the mind of man for the coming revolution; those who plan resistance find themselves in conflict with the will of Providence rather than with human devices." When we look at the various inventions for providing a circulating medium from the first settlement of the colonies, and watch the progress step by step,

guided by an unseen power to the final culmination of a grand national banking system, swallowing up all others; and whose existence, by the organic law of its creation, ceases when the national debt ceases; then we see no substitute that will be satisfactory to the American people but Government lawful money, must we not realize that "unseen hands have drawn the bolts from the gates of futurity?" and shown the fact clearly to our vision? Under such circumstances should we not reflect that if we "plan resistance" we may find ourselves in conflict with the will of Providence rather than with human devices."

When we consider that our Government, differing from all others, was "created by the people, of the people, and for the people," a concentration of the will of the people, to do in our grand associate capacity what has proved impracticable for associations or individuals to do for themselves, may it not be possible that the creation of a circulating medium for themselves may be the paramount duty of the grand association to perform?

Again, when we view the Declaration of Independence as the first step of the nation in self-government, and watch its majestic progress to the final consummation of its vindication; seating itself upon a basis as solid and enduring as the Pyramids of Egypt; shall we longer doubt its capacity, or fear to trust it with the whole management of its own affairs, even including the most important of its finances? And have not the morals of the people kept equal pace with their intelligence? Pardon the retrospect of a single incident in our local history of half a century ago. In the year 1811, the writer remembers vividly the application before the Legislature for the charter of a bank, with a capital of two millions of dollars. The amount was large for those days, and excited great interest throughout the State; and the Governor was exercised with so holy a horror at the prospect of its passage that he prorogued, dismissed and sent home the Legislative body for that reason alone. At the regular term under the constitution it convened again; but during the vacation not only a large majority of the members, but the Governor himself had received such substantial and weighty reasons why it should pass that it did pass, and the Governor signed the bill. It has since been reported that its passage cost half its capital, or one million dollars.

How is it now (1866)? Not a session passes without charters being granted to monied institutions of some kind, with large capital,

and with trifling or no expense, notwithstanding the unenviable notoriety of our State Legislature.

The query arises, Who was most to blame—those who received the bribes, or the laws and financial conditions surrounding them? The writer thinks the latter; money was too valuable, too scarce; the temptation was too great; for as money has become more plenty, bribery has diminished, at least in our State Legislature. If you make money so plenty that, by a moderate amount of labor, man can supply all his natural wants, do you not in the same ratio remove temptation, and the motive to covet his neighbors. When we feel sure of always producing by our labor sufficient and to spare, will not the God-like principle of our nature become aroused to do "unto our neighbors as we would have our neighbors do unto us?" With such encouraging changes in our morals and hopefulness for the future, may not the people, through their delegates, begin to be trusted with the management of their own affairs?

John Stuart Mill, in his work on "Political Economy," vol. I, p. 190, says: "Every addition to capital tends to labor either additional employment or additional remuneration; enriches either the country or the laboring class." On p. 421, that "wages cannot rise but by an increase in the aggregate funds employed in hiring laborers, or a diminution in the number of competitors for hire, nor fall, except either by a diminution of the funds devoted to paying labor, or by an increase in the number of laborers to be paid."

Has not the history of the last five years clearly proved the truth of the above theory? Then if the laboring class—which you know in this country includes by far the largest portion of the population—are fully employed at greatly increased wages; is it not self-evident that not only those classes, but the country at large, will be more prosperous than when they are only partially employed and at low wages?

It is believed that the present stage of prosperity in the Northern States is unequalled in the history of civilization. If we compare with 1840 or 1850, is not the country in its productive industry and accumulation of capital benefitted to the extent of hundreds if not thousands of millions annually? There has been none, neither can there by any financial rebellion so long as the temporary deposit system is continued, if the currency is not contracted.

And the writer thinks that by existing Acts of Congress you are independent of any fur-

ther legislation. The Act of March 3d, 1865, particularly appears very comprehensive; if Congress does not restrict the meaning of former Acts, you have full powers over the whole subject.

Pardon the suggestion, that should you authorize Mr. Van Dyck, the Asst. Treasurer of this city, to quietly make an experiment of issuing simply One Thousand Dollar Bonds—principle and interest payable on demand—at one or even two per cent. less rate of interest than is allowed on certificates requiring 10 days' notice of payment, the writer firmly believes that none of such bonds would return—except for payment of interest—while the 10 day certificates would return, as they have heretofore, on any increased rate of interest, or the convenience of holders, for payment of principle. He solemnly believes you would be so well pleased with the operation that you would extend it to the public, when the rate of interest could be reduced to 1 per cent., or such other rate as you might deem most for the public good; when, without further legislation, you would have the whole subject of National Finances within your own control, even to the payment of the public Debt, without onerous taxation.

In reply to the Iron & Manufacturer's Association a few days since, President Johnson is reported to have said: "By restoring to the country you increase its ability to pay taxes. You could bear the present rate of tariff as it is if you could take away the internal revenue tax. By getting rid of the internal revenue tax you would compoundly increase protection to your manufacturing and agricultural interests. I think that, as fast as we can, we should get away from these internal taxes that now rest so heavily upon the industrial products of the country. Any thing I can do I will do, that will tend to strengthen the resources of our country."

Clearer truths or more encouraging words could scarcely have been spoken; and the writer sees no reason to doubt that within the first 12 months after you shall have waived the 10 days notice on temporary deposits, the President will be justified in advising the repeal of a part, if not the whole of the obnoxious revenue tax; when the whole South, as if by magic, will spring forth with a life, energy and prosperity heretofore unknown.

Neither does he doubt that in May, 1867, you will be enabled to pay off and convert into 3 per cents all the 6 per cent. 5-20 Bonds as they fall due; in doing which you will diffuse a prosperity throughout the whole

country that will reflect a halo of glory upon the administration, surpassing that of its predecessors.

Commending the foregoing to your usual consideration, I am, most respectfully,

Your obedient servant,

PLINY FREEMAN.

OFFICE OF THE
GLOBE MUTUAL LIFE INSURANCE CO.,
NEW YORK, May 25, 1869.

HON. GEO. S. BOUTWELL,

Secretary of the Treasury.

HONORED SIR: The writer begs permission to heartily thank you for your auspicious commencement of a real reduction of the National Debt, and to express the hope that you will not allow the combined influences that have been and will be brought to bear upon you to change your course.

A paper has been circulated for signatures petitioning you to suspend the purchase of 5.20 bonds, and to pay off the 3 per cent. certificates instead.

Please pardon the writer for expressing his thorough conviction that the cancelling of these 3 per cents—some fifty-three millions in amount—would be one of the greatest calamities that could at this time befall the people.

It was the conversion of a few millions of these certificates that stopped the progress of the financial paralysis which was spreading ruin and desolation broadcast, recently caused by the locking up of a few millions of greenbacks by the rings under the leadership of James Fisk, Jr., and others. As it was, the injury to legitimate business was fearful; but had not that reserve existed, by this time we should have managed a nation of bankrupts. It is the managers of those rings who are now moving to influence you to cancel that same reserve, which, if done, would enable them to ruin the business community at pleasure for their own private gain. The writer would suggest that in those same "three per cents" you hold the key to convert the debt from a high to a low rate of interest, and prevent national repudiation and bankruptcy, toward which, for the last two years, we have been drifting.

Under the various acts authorizing temporary loans of February 25, March 17, July 16, '62, and June 30, '64, some two hundred millions were received by the Treasury Department, for which certificates were issued, virtually payable or redeemable on demand; and during their existence various causes occurred to disturb the money market, which, previous to 1862, would have produced wide-

spread financial revulsions, but now were prevented by the conversion of a few millions of said certificates.

In one case Mr. McCulloch suddenly withdrew and converted fifty millions of greenbacks into long bonds; in another, the Bank of England withdrew some thirty millions of dollars in gold in as many days. In each case, as the records of your department will show, the conversion of a few millions of certificates restored a financial equilibrium.

During the continuance of those deposits it was impossible for the rings of speculators to make any serious impression on the money market. They were powerless and unable to depress the national prosperity for their own private interest until, through their influence, Mr. McCulloch was induced to compel the holders of the certificates to receive greenbacks in exchange for them at a time when all would have preferred to retain them even at 3 per cent. interest. And to procure the greenbacks, 5.20 bonds were sold bearing 6 per cent. in coin, equal at the present time to about 9 per cent, thus increasing the debt from 3 to 5 per cent.—equivalent to an increase of some two hundred millions of dollars.

The last Treasury Statement shows some fifty-three millions certificates out, bearing 3 per cent. interest, and payable on demand; and yet their redemption is not called for, although the ruling rate of interest at large averages about 9 per cent.

Query.—Why are they not converted into greenbacks?

Answer.—Because they are worth more than greenbacks, for they are virtually greenbacks on interest; and until man becomes bereft of his reason he will not prematurely convert a better investment into a worse.

Permit the writer to further suggest that this is the key by which, if you will allow us to use it, we, the people, will convert the National Debt by voluntarily depositing greenbacks with the Department in exchange for 3 per cent. certificates until the whole debt is converted, provided the greenbacks are used as fast as they are received by the department in purchasing 6 per cent. bonds or for other purposes.

The speculators will use the argument that the certificates will be rushed in for redemption when the department is not prepared for them. Experience has demonstrated the contrary, and the records of your department will show that of the fifty millions the law required to be kept on hand for the express purpose of such redemption never to exceed

six or eight millions were called for, and then only to avert financial panics above mentioned.

On the other hand, they may argue that the issue of such certificates will produce inflation. Then all Government bonds on interest produce inflation—consequently, none should be issued.

Should you feel favorably disposed, and entertain doubts that the records of the Treasury Department and financial history of the last six or seven years will not remove, it can be easily tested without any financial disturbance before the next session of Congress under the Temporary Loan Acts.

Should the Assistant Treasury at the cities of New York and Boston be authorized to receive greenbacks or legal tender paper in exchange for the certificates of the denomination of \$1,000 bearing 3 per cent. interest semi-annually, and both principal and interest payable at the option of the holder, the Treasury Department would very soon receive on deposit all that the present laws authorize. To guard against any movement of the speculative rings, it would be prudent to retain for a time perhaps 20 per cent. as a fund for redemption—as they will oppose every measure tending to a reduction of the national debt. Should three hundred millions of 5-20 bonds, now costing really about 9 per cent. interest, be converted into said 3 per cent. certificates or bonds, is it not clear that the debt would practically be reduced two hundred millions? For the three hundred would cost in interest annually only what one does now, and being done by voluntary action of the people would involve neither bankruptcy nor national repudiation. That it would be voluntary, the writer would state, the institution with the management of which he is connected is in current receipt of over a million dollars a year, that every dollar received would be deposited with Mr. Van Dyck for said 3 per cent. certificates, and when investments were made in bonds and mortgages or other securities, those certificates with accrued interest would be handed over to and be received by the parties in preference to greenbacks for the interest that would accrue while in their possession. All other monied institutions would do the same, including banks, to the extent of their surplus.

In conclusion, the writer believes you have the power of converting the national debt from a high to a low rate of interest without causing financial disturbance, and by the same operation you will secure the perma-

ment prosperity of the whole people, thus rendering the present the most popular Administration since the formation of the Government.

Commending the foregoing to your consideration, I am, most respectfully,
Your obedient servant.

— PLINY FREEMAN.

TREASURY DEPARTMENT,
May 31st, 1863.

SIR: I have the honor to acknowledge the receipt of your letter of the 25th inst., and thank you for the same.

Very respectfully yours,

Geo. N. Boutwell.

Pliny Freeman, Esq., *Globe Life Insurance Company, New York.*

New York, November 24th, 1871.

Hon. George S. Boutwell:

MOST RESPECTED SIR: The writer begs permission to submit for your consideration, that the Wall Street Gamblers and their associates are exceedingly gratified and delighted with the late order of the Treasury Department, calling in a part of the 3 per cent. certificates or convertible bonds, considering it as evidence that the remainder will gradually be called in, also, at no distant day—after which the stock market will be entirely within their control, when, by suddenly withdrawing and locking up a few millions of Greenbacks, the operators will cause such a panic as to throw an avalanche of stocks upon the market, to be sold for such prices as they may please to give, until the conspirators become overloaded, when, by reversing the operation and rendering money plenty again, they will unload. This is what they expect and intend to do, and the writer would respectfully ask if such an operation is not virtually a robbery of unsuspecting citizens?

Were the consequences confined to Wall Street, perhaps it might not be considered of much importance, but, unfortunately, sad experience has taught us that financial panics sweep with desolating effect over our

— It is a well-known fact that the process delineated above was the identical means made use of in producing the panic of 1873, which spread ruin broadcast throughout the land, causing hundreds of thousands of failures and bankruptcies, and throwing millions out of employment, causing suffering and starvation, which continue to this day.

Had the Hon. Secretary Boutwell heeded the foregoing warning and suggestion prosperity would still have continued to bless the land. Why he did not is a subject matter between himself and his God.

whole country, prostrating enterprise and industry—the most vital elements of society.

Perhaps, Sir, you may recollect that they attempted a similar operation some time since when the panic was staid by the conversion of some of these same 3 per cent. certificates; but with that reserve to fall back upon it was not stopped until hundreds of our business men were ruined.

Those 3 per cent. certificates being the only reserve the Banks and the public now have to fall back upon in such cases, if all be called in and cancelled, the writer does not see how even the Treasury Department could come to the rescue to allay a financial panic.

The writer would also respectfully submit for your consideration that the opponents of the Administration are glorying over what they term its failure in disposing of the bonds authorized by Congress, except to the extent of some two hundred millions, and to state that he sees one cause, and one only, for such failure, and that is the prevailing rate of interest in the United States is so much above the rate stipulated in the bonds that capital here cannot afford to make such investment. He also thinks he sees how the Department can reduce the prevailing rate of interest so low—without causing any financial disturbance—that the whole amount would be voluntarily floated by our own people, and in a very short space of time, in the following manner: viz. The various Acts authorizing the Treasury to receive temporary deposits to the amount of some two hundred millions, he understands have not been repealed, consequently they are in full force; and by the Act of 30th June, 1864, sums of not less than \$50 are authorized to be received, and certificates issued therefor, at any rate of interest at the discretion of the Secretary of the Treasury, not exceeding 3 per cent., and payable on demand at the option of the holder. Should the Department prepare certificates of the above denomination and upwards, and notify all the National Banks, and no other parties, that it was prepared to issue such certificates at 3 per cent. per annum, payable on demand with accrued interest, in exchange for greenbacks now in existence, and without increasing the present amount a dollar; he sees that greenbacks would immediately commence flowing into the Treasury, and if paid out in the purchase of 6 per cent. bonds or otherwise as fast as received, before the whole amount of certificates authorized would be issued, the rate of interest at large would be so reduced as to create a demand for the new loan, and, should receipts be disbursed

as soon as received, this would continue until the whole loan would be absorbed by American capital.

Then the 3 per cent. certificate might be called in, for the Department hold abundant evidence that such certificates will not come in until called in by the Government.

Commending the foregoing to your consideration,
I am most respectfully
Your obedient servant.

— PLINY FREEMAN.

OFFICE OF THE
GLOBE MUTUAL LIFE INSURANCE CO.,
NEW YORK, JUNE 21, 1873.

HON. WM. A. RICHARDSON,
Secretary of the Treasury.

HONORED SIR: I would most respectfully submit for your consideration a few extracts from a somewhat voluminous correspondence with the Hon. Hugh McCulloch, in 1865, while he was Secretary of the Treasury (the published portion of which I send you by this day's mail, and offer as my reason for doing so, that at the present time the industrial interests of our country are in an unsatisfactory condition. In nearly all the large cities the laboring population are crying aloud for aid. There are in the City of New York to-day thousands of able-bodied men unemployed, or only partially employed, which entails suffering and degradation on their families. The commercial and mercantile classes are complaining bitterly of the ruinously high rates of interest; they are compelled to pay, which is causing a comparative stagnation and paralysis in the business affairs of the whole country.

In some sections conventions are held by business men to devise measures to procure cheap water transportation. In others Farmers' conventions are held, to consult how to compel railroad companies to reduce their freight tariffs on farm produce, complaining that the present rates of freight are more than their produce realizes in market—thus leading them to even use their corn for fuel.

We all feel and realize the truth of such complaints, but I would with deference submit that the real cause of the difficulty is not generally understood, and that until the cause is removed the suffering must continue.

In my letter to Mr. McCulloch of May 8, 1865, occurs the following:—"It appears to be the prevailing sentiment that at the present time the people of the Northern States are enjoying universal prosperity." It will be re-

membered that at that time there was no conflict between labor and capital, for every description of labor was fully employed at remunerative and satisfactory rates. The produce of the farm gave large returns above cost and charge of transportation, although freight charges may have been, and in many cases were, the same or higher than at present. During the five years between January 1862 and January 1867, all classes of our citizens gained in wealth and prosperity as never before in the history of this country. I would again respectfully quote from my letter of May 8, 1865, as follows:

"The Legal Tender Currency has proved to be the best currency ever given to man, and the process through which we have gone has demonstrated that Government has created, consequently has the power to create, a currency still far superior—superior even to gold; one which, with a national standard rate of interest properly regulated, would establish a uniformity in National Finances which neither time nor circumstances could ever disturb. FINANCIAL PANICS WOULD THEN STAND IN HISTORY AMONG THE THINGS THAT WERE.

"Then would it be wise to retrograde when every step backward leads toward adversity and poverty, and commence that retrogression immediately by withdrawing the Legal Tender Currency, producing universal bankruptcy and ruin—as demanded by Mr. Lewis, of one of the Departments?

"And for what, pray, but to gratify an insane passion for the re-establishment of an exploded theory? May Heaven preserve the country from such counsel!"

In Mr. McCulloch's letter in reply, dated May 10, 1865, in reference to legal tender currency, he says: "There is present no good reason why its volume should be diminished"; and yet, within six months thereafter he had commenced to diminish it by withdrawing at one time fifty millions, as referred to in my letter to him, dated November 22, 1865. It will be remembered that he continued the process of contracting and funding the currency, and securities that answered for currency, thereafter, until the suffering and distress became so great that Congress, by resolution stopped it.

Please pardon me for saying that the contracting process inaugurated by Mr. McCulloch, and which has, to some extent, been continued since, is the cause—and I respectfully submit the only cause—of all the aforesaid complaints and pecuniary suffering throughout the length and breadth of the land.

Then, if curtailing and canceling the currency, or what answered as a substitute for currency, was the cause, does it not follow that restoring either the currency or a substitute for currency would remove the cause, and to such extent become a permanent remedy?

I would here most respectfully submit that you, sir, as Secretary of the Treasury, are clothed with the power and authority to remove to a great extent the cause of all the evils complained of.

By reference to acts of February 25, March 17, and July 30, 1862, and June 30, 1864, it will be seen that the Secretary of the Treasury is authorized to receive as temporary loans in the aggregate the sum of two hundred and fifty millions, and to issue therefor certificates in such form, and at such rate of interest, as "the public interest may require," not exceeding 6 per cent.

I am not aware that these acts have been repealed; but, on the contrary, infer from section 4 of Act of June 30, 1864, that they were intended by Congress to be in perpetuity, as it reads: "And the Secretary of the Treasury may issue and shall hold in reserve for payment of such deposits, United States Notes not exceeding fifty millions of dollars, including the amount already applied in such payment; and United States Notes so held as reserve, shall be used only when needed, in judgment, for the prompt payment of such deposits on demand, and shall be withdrawn and placed again in reserve as the amount of deposits shall again increase."

The certificates issued under said temporary loan acts were withdrawn by Mr. McCulloch, and as they were used as substitutes for currency in large transactions, to that extent, their withdrawal curtailed the currency and contributed to the present suffering of the country.

Should you, as Secretary, authorize the Assistant Treasurers in the different cities, to receive the United States Notes, or National Bank Notes, on deposit, at interest not exceeding 3.5 per cent. per annum, and issue certificates therefor of the denomination of \$1.00 or \$5.00, as desired by depositors, payable on demand with accrued interest, and use the funds so received in retiring bonds drawing 6 per cent., the writer feels justified in saying that before the next meeting of Congress you will have cancelled two hundred millions of bonds bearing 6 per cent. (in coin), and substituted certificates bearing 3.5 per cent. in currency, and also that such certificates will not come in for redemption until called

in by the Secretary of the Treasury—and that although the certificates would not be currency, they would be used in large operations as a substitute for currency, and to that extent restore prosperity to the country, and relieve the want and suffering that now exist.

Most respectfully,

Your obedient servant,
PLINY FREEMAN.

COMMENT.

OCTOBER, 1876.—The above was written some three months previous to the financial panic of September, 1873. Had its warnings and suggestions been acted upon, by receiving currency on deposit and issuing certificates therefor of the denomination of \$1,000 and upwards, payable, with accrued interest, on demand, that panic could not possibly have occurred; for in all large moneyed transactions these certificates would have answered the same purpose as greenbacks—for it is well known that a deficiency of greenbacks caused the panic.

PLINY FREEMAN.

NEW YORK, NOV. 15, 1875.

Hon. Benj. H. Bristol:

Secretary of the Treasury.

HONORED SIR: A former Secretary of the Treasury, now a citizen of a foreign monarchy, through "open letters," is engaged in lecturing the citizens of the United States on the subject of the National Finances, and attempting to persuade them that the policy which he inaugurated and put in practice, to such an extent as to bankrupt and impoverish a large part of our business men, and render our Government largely tributary to the moneyed powers of Europe, is the best policy for them to continue to pursue. Of the disastrous results of his policy, witness a single illustration, taken from the *Mercantile Register* of Messrs. Dun, Barlow & Co.: The number of merchants who became bankrupt in 1863 (about a year before he became Secretary) was 485, and for nine months of the present year the number has swollen to 5,334; while the liabilities, which in 1863 were six million eight hundred thousand dollars (\$6,800,000), during nine months of this year had swollen to one hundred and thirty-one million dollars (\$131,000,000); which, for the whole year, would make about *twenty-four times* the amount of 1863, which is an increase of his victims of eleven hundred per cent., and he is not satisfied with this, but would sink us to a still lower deep.

I take the liberty of following his example, to the extent of respectfully submitting to

you, Sir, an "open letter" on the same subject.

As financial representative of our Government, to whom is entrusted the keys of the national exchequer, and on whom more or less depends the destinies of our people for weal or for woe, I would respectfully invite your examination and consideration of what is termed the *interconvertible* system; which, if you please, we will call the American system of finance. In order to arrive at a just decision, I would respectfully request that all preconceived theories—as far as practicable—be laid aside, and the subject examined on its merits.

It is claimed that the Government paper money, made a full legal tender for all monetary purposes, convertible into interest-bearing bonds at the option of the holder, said bonds being reconvertible into said legal tender money, with accrued interest, at the same option, would be a perfect solution of the financial question. That when established, gold and said legal tender money would be on a par, and thenceforth that both inflation and contraction would be, practically, impossibilities.

It is also claimed that the above propositions have been demonstrated and actually put in practice.

1st. That gold and legal tender paper would be on a par, was demonstrated by the fact that what were termed "Demand Notes"—of which sixty millions were issued, and receivable for duties on imports—continued on a par with gold until all were absorbed at the Custom House. That fact, it is claimed, proves conclusively that if Greenbacks had been received for duties on imports, being thus made a full legal tender, gold could never have risen above par.

2d. That a free issue of paper money cannot produce inflation when convertible into bonds bearing interest, was demonstrated by the fact that, when greenbacks were first issued, and convertible at the option of the holder into 6.25 bonds, bearing 6 per cent. interest, during the sixteen months the convertible law existed there was neither inflation nor expansion, but a steady uniformity in prices and values never before known. This, it is claimed, was a demonstration and proof positive that when paper money is convertible into bonds, inflation is impossible. For, should said paper money be issued in excess of the wants of business, such excess would reduce the ruling rates of interest to the Government standard, when all excess would return to the Treasury for its bonds and restore the equilibrium.

3rd. That while bonds or certificates of debt, bearing interest, are issued, convertible into legal tender paper, panics or financial revolutions cannot be produced, was demonstrated during the time the Treasury received money on deposit under the temporary loan acts, and issued therefor bonds or certificates virtually payable, with accrued interest, on demand. For during that time no panic did occur, although at one time the Bank of England drew from Wall street thirty millions of gold in as many days, causing great excitement and rise of interest, when the conversion of a few millions in certificates relieved the money market and again restored the equilibrium. At another time, and before he was specifically authorized by law, Mr. McCulloch withdrew fifty millions of greenbacks from New York, which caused a sudden rise in the rate of interest, when again the conversion of a few millions into certificates relieved the market. These are claimed as demonstration and positive proof that when the "American System of Finance" is adopted, panics and revolutions can neither exist nor be produced.

Should combinations or rings be formed and raise the rate of interest above the Government standard, its bonds would be immediately returned and converted into Government currency in sufficient amounts to reduce the interest to Government standard and again restore the equilibrium, and thus establish a self-acting regulator that no combination or circumstances could ever seriously disturb. Like the bed of the ocean, it will remain unmoved. Although storms may disturb its surface, its bed never!

It is claimed that the Interconvertible (American) System of Finance will be found as impragable as the rock of ages, and that it embraces a great, an eternal, truth!

4th. It is claimed that when Government issues are received for duties on imports and made a full legal tender and interconvertible with bonds bearing interest, gold will be on a par with said issue—provided the same Act requires the Secretary to dispose of bonds in Europe—not in America—to provide coin to defray the interest on the bonds now in Europe, and also on the bonds remaining here. Then, as there will be no further demand for coin in this country, it will all be on the market without buyers, for merchants will no longer be required to buy it; pay duties at the Custom-House; Government will not be compelled to buy at home to pay interest on its bonds; and as our mines produce more bullion than can be required for the balance

(f trade, there will be no further demand for it; hence it must fall to par.

I would most respectfully but emphatically assert, that the day in which said American System of Finance becomes a law, gold and legal tender money will be on a par. And I would as emphatically assert that it is not within the power of Congress, by any materially different act of legislation, to produce the same result and restore the much-desired specie basis, until our exports exceed our imports in an amount sufficient to cause a natural return flow of specie to our shores.

It is claimed that the Government stamp, which makes the gold dollar worth 100 cents, when affixed by law to the paper dollar would make that worth the same.

It is also claimed that such paper dollar, when substituted in place of the present issue of "promise to pay," will answer all the purposes of money that the coined gold or silver dollar ever did; that then all the outstanding \$20 bonds could be paid off at par with either coined gold money or coined paper money, at the holder's option, and to the satisfaction of all parties.

It is claimed that the convertible bond would be a new and mighty factor in facilitating the transaction of business, as it would add a new element to the representatives of values, viz., the quality of *immediate availability*; consequently, the bonds would be a most desirable investment. And the issues of moderate denominations would be used in large monetary transactions in place of paper money, and without producing inflation to the slightest degree, any more than the \$20 bonds or other investments produce inflation; for they are available, though of fluctuating and uncertain value, while the other would ways be convertible at their face value, with a sure interest, and without the shadow of risk in the investment.

Should the act establishing the "American System of Finance" authorize the banks to hold convertible bonds as their legal reserves, and also to deposit such bonds for National Bank currency, and permit said currency also to be convertible into Government bonds, both banks and the public would be greatly benefited, inasmuch as confidence would be restored, business would revive, the credit of dealers with the banks would improve, and their risks also improve in a like ratio, causing an immense increase of business, with a corresponding increase of dividends to stockholders, and this to the entire satisfaction of their dealers and the public generally. Then the existing prejudice against banks would

cease, and they be recognized and acknowledged as indispensable aids to civilization, and be sustained by popular favor.

If any converse to doubt, after our past experience, that legal-tender paper, when received for duties on imports, will keep on a par with coin, they need only to look across the Atlantic to the French Government for confirmation. When the German war commenced it authorized the Bank of France to double its issue, and made all its issues a legal tender for all monetary purposes. According to statistics before me, at the commencement of hostilities in 1870 the Bank circulation was about \$250,000,000, when an addition of an equal amount was authorized, and all made a *full legal tender for all purposes*, and when hostilities ceased, in 1871, it amounted to \$420,000,000, at which time gold bore a premium of 2½ per cent., when an additional amount being authorized, it soon fell to par; and in October, 1873, when it amounted to \$412,000,000—the highest amount ever reached—it remained at par and has continued so ever since.

The query arises: Why did it continue at par after the issue of so large an amount?

Answer: Because it was made a legal tender for duties on imports and for all other monetary purposes whatever.

Then, why was there a premium on gold at any time? For the reason that, in addition to the amount required for the indemnity, the requirements to recuperate and make good the devastation of war caused an excess of imports above exports, which excess continued until the increased flow of currency, by stimulating the manufacturing, mechanical and agricultural industries, created an excess of exports and turned the balance of trade in favor of France.

It seems clear that the volume of currency, by being made a *full legal tender*, revived and stimulated the productive industries of the French people to such an extent that their exportable products soon exceeded their imports, and turned the balance of trade (which, when the war ceased, was largely against them.) In their favor to such an extent as to render them financially independent, and all other nations became their tributaries. And, who can truthfully say, should America pursue the same course, that the same results would not follow? This, it is claimed, is proof which none can deny; but, on being convinced of the fact, all must confess that had the act which passed the House of Representatives making greenbacks a full legal tender without any exception, and convertible into 6 per cent. bonds, become a law, coin

could never have risen above par from the day in which it became a law to the present time. And who can say that in consequence of the paper of the Bank of France being a full legal tender the French people are not in a more prosperous condition at this time than at any time in their long and eventful history?

With such wonderful prosperity of the people of France prominently in view, and the full knowledge of its being the result of so simple a cause as the making of its paper money a full legal tender, will not the American Government follow so glorious an example, and raise the American people from their present state of paralysis, degradation and humiliation?

Some attribute the present troubles to "over-production." Over-production, indeed! Since the panic of 1873, has not production been constantly diminishing? Have not the iron mills, the mechanical and manufacturing establishments, been constantly reducing their productions, until many have ceased entirely? If there is a surplus of "production" of any kind in market, why is it so? It is because the great masses of our people are constantly reducing their consumption by curtailing their luxuries, their comforts, and even their necessities of life. And are not thousands and tens of thousands, if not millions, out of employment? and are not many of them on the brink of starvation? Over-production, indeed! On the contrary, by contraction of currency business has become paralyzed and prostrated, and the millions been deprived of the means of procuring and consuming "production." Instead of "over-production," it is all to be attributed to "reduced consumption." And what is the remedy? Answer—The adoption of the American System of Finance, which, it is claimed, will, as if by magic, diffuse new life, energy and prosperity throughout the land.

It is claimed that no valid objection against the Interconvertible System has ever been made public; and that no arguments have been presented against it, which commanded themselves to the common sense of the people; that ridicule and denunciation only have been resorted to.

It will be remembered that the late Horace Greeley, through the columns of his paper, the *New York Tribune*, for a time ridiculed and denounced this system, until called upon by a friend to publish valid objection and adverse reasons and arguments against it, which would commend themselves to his readers. Subsequently, and after laborious examination of the subject, he had the man-

hood to confess that he could find none, but that he found so many in its favor that he became its convert and advocate.

It is claimed that every person who has given the system an unbiased consideration has become a convert and a believer in the claim that it will confer and diffuse universal prosperity.

The subject is of too vast importance and involves consequences of a magnitude too immense to the welfare of the American people, to be longer disposed of by ridicule, sarcasm, or denunciation.

And you, sir, as the financial oracle of the Government and the exponent of its measures, are respectfully called upon to give the foregoing claims an unbiased examination, and should you find them—or either of them—false or unfounded, to make them public, specifying which are false and unfounded. On the contrary, should you find any of them truths, it is expected that you will then, not only make them public, but advise their adoption by Government.

Should you not make public in your forthcoming message valid objections, reasons, or arguments against this system, this will be accepted by the public as evidence—and the people will be justified in the conclusion—that, like Horace Greeley, you can find none; and then the American System of Finance must receive the sanction and approbation of the American people.

Most respectfully yours,

PLINY FREEMAN.

CONCLUDING COMMENTS.

OCTOBER, 1876.—I now assume the responsibility of solemnly affirming that contraction and destruction of the currency was, and is, the whole and the sole cause of the thousands and tens of thousands of mercantile failures, of manufacturing failures, of mechanics' failures, of iron foundry failures, of railroad failures, of mining failures, of the millions thrown out of employment, of the masses of traveling tramps committing robbery, pillage and murder, of the distress, misery and starvation pervading the land, while the produce of the farmers, for want of a market, spoils on their hands. And I would as solemnly affirm that prosperity can only be restored by legislative action of Congress, by its authorizing sufficient currency to meet the legitimate wants of business, which can be done by making Gold, Silver and Greenbacks in any amount full legal tender, and Greenbacks interconvertible with bonds bearing a low rate of interest.

PLINY FREEMAN.

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